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Hongkong and the Lancashire Delegation

During this and last week six British Ministers have been attending the Commonwealth Trade and Economic Conference at Montreal. Their main object is to examine every possible means of expanding Commonwealth trade. This week a delegation of the Lancashire cotton industry is in Hongkong with the object of restricting the trade of one of the smallest but most industrious and self reliant units of the Commonwealth to protect the giant Lancashire cotton industry from competition.

The competition is one from 338,750 spindles against Lancashire's 22,472,000, that is in the proportion of 1 to 66, so it is fairly evident that it is not the capacity of the Hongkong David that creates the real danger to the Lancashire Goliath. The real competition within the Commonwealth comes from the sovereign countries of India and Pakistan.

They have means of protecting themselves. Hongkong is defenceless. India and Pakistan grow their own cotton and a cut is not so vital to them as it is to Hongkong; they have in their own territories 480 million customers to take their production. Nevertheless they have passed the burden of the whole issue on to Hongkong, which is now being manoeuvred into a position to be blamed if India and Pakistan fail to agree and is under pressure to go through the process of an "agreement" which means cutting its own livelihood. It must export to live, and its right to livelihood is at stake. Its problem in this respect is akin to that of the home country, but whereas England has the power to impose a restriction on competition Hongkong is powerless.

The Delegation

The three official members of the Lancashire delegation are:—

The Rt. Hon. The Lord Rochdale, O.B.E., T.D., D.L., who is one of the most prominent figures in the wool textile industry, a Governor of the B.B.C., a member and past President of the Dollar Exports Council and

a member of the Commonwealth Parliamentary Association.

Sir Cuthbert Clegg, T.D., J.P., Chairman of Combined English Mills (Spinners) Ltd., one of Lancashire's biggest spinning combines and a past chairman and Vice-President of the Cotton Spinners' and Manufacturers Association.

Mr. J. Broatch, Director General of the Cotton Board and former Editor of the Manchester Guardian Commercial.

It is reported that when questioned in London before leaving, Lord Rochdale, as we would expect from a man of his standing, reputation and experience, refused to comment beyond outlining the Delegation's intentions "to discuss imports of cotton textiles from Hongkong for retention in the United Kingdom as opposed to re-export of the Colony's goods." Hongkong would feel more assured by the eminence of the members of the delegation if nothing had been said or done at home, in Lancashire and in the House of Commons and in the press to prejudice the discussions with the Hongkong manufacturers. Unfortunately, however, high feeling has given vent to incorrect statements and irresponsible views which the delegation may be trusted to ignore. The crux of the matter, however, is that Hongkong is asked to enter into an agreement in which there can be no voluntary element which is essential to any agreement or any consideration but rather a forbearance on its own part in the sole interests of another. Over all there also hangs the feeling, engendered by statements at home, that Hongkong is asked not so much to agree as to yield a cut in its exports to avoid pressure to impose a quota or restriction by force of law.

Wage Competition

One of the main allegations against Hongkong is that its competition is unfair because of the lower wages that it pays

the millworkers. It has been accused of employing "sweated labour" a term which was once directed against industries including those of Lancashire during the export expansion following the industrial revolution in England. The issue of unfair competition is quite distinct from any humanitarian concern for the three quarter of a million refugees for whom Hongkong provides a home without any help from the outside world. Out of its three million people only a fraction—about 50,000 are employed in the textile mills and they are far from being all refugees but they account for the biggest factor in Hongkong exports. Three-fourths of all the cloth shipped to the United Kingdom from Hongkong is spun and woven in 19 principal new and modern mills where conditions of work are strictly regulated, and good which provide many social benefits including free housing with water, light and heat, free medical treatment and free or subsidized meals in addition to wages which in real value judged against the pattern of life are higher than anywhere in the Far East and represent no greater disparity than those in force in England when judged against the return to the worker in the United States or Canada.

It is true that a comparatively small proportion of cloth—mainly for local use, is produced under conditions of Chinese domestic or family industry. Those unacquainted with Chinese institutions may fail to appreciate the importance of the Chinese Hong or family business, where in times of distress, famine, floods, and political troubles, all members related in a remote degree to a clan or family are given a roof over their heads and the family industry is extended amongst them all so that they can earn their bowl of rice. These involve deep-rooted social problems which can only be solved in time and at the expense of the community. They hardly touch the issue of competition in exports.

The accusation is that in relation to the pay the Lancashire worker gets for his work the Hongkong worker gets too little. If then, at the bidding of Lancashire to provide more work for Lancashire workmen, the work available for the Hongkong worker is cut, his state is worse than before; he has to tighten his belt, cut down his bowl of rice, to fill that of his better paid fellow in England.

Lancashire and Free Trade

The real reason now is the same as that put forward by the Manchester Chamber of Commerce in 1827 when Lancashire found it difficult to compete with fine Indian cloth and Chinese nankeen. The complaint then was "But other countries are straining equally with ourselves to promote it (i.e. cotton manufacture) aided by cheapness of living and freedom from restrictions on their foreign commerce. Thus many countries of Europe and the U.S.A. are rapidly becoming manufacturers themselves and we are now beginning to find our great capital and means of production of goods cramped for want of more extensive markets. The vast fields for commercial enterprise which the East Indies offer to us would assuredly make up for the falling away from all our former customers and give full employment to our redundant capital and dense population." The great campaign of Manchester from 1827 to 1832 was directed towards "free trade with China." "Freedom of commerce" was demanded "as the birthright of all Britons." It was largely as the result of the pressure of the textile countries at home that freedom of trade with China was attained in 1842 through the establishment of Hongkong as a British colony and the opening of the Treaty Ports. Ever since then the genius of British free trade and political liberty have constituted the vital element in the historic evolution and destiny of Hongkong.

Free Trade One Way

Now Lancashire demands free trade to the East—but one way only. The textile industry in England is to be subsidised by the forbearance of the Colony in earning its livelihood, without any suggestion of any corresponding help to improve the earning capacity of its workers.

Seventeen years ago Hongkong was reduced to desolation under Japanese occupation. After the war the industry of its people with the aid of good government and capital mainly from British banks built it up anew from its ashes, and developed a textile industry with modern buildings and up-to-date machinery. In 1950 came the Communist armies to its border; then the United States in order to deny China cut off its dollar credits for imports, and the export of cotton and other materials to the Colony. The embargo that followed reduced the Colony's trade with the mainland from 75% to 25% of its total. Despite these vicissitudes Hongkong has endured and is going ahead. It is, and as long as it remains a British Colony it will remain in the East as the greatest centre of commercial services and an entrepot for distribution of the products of the world and of those of Britain in particular, as well as the only outpost in which "the great freedoms can still be understood and practised, the only bridgehead over which they could be carried into China." To be approached now under pressure from home to 'agree' to cut its hard won and meagre export trade which is essential to its livelihood would truly and sadly be "the most unkindest cut of all." The spirit of good will, of material tolerance, of "to live and let live" and the bonds of the Commonwealth should, however, lead to a mutually satisfactory issue of the present discussions.

Discontent among the Minority Races in China

A resurgence of "nationalism" among the principal minority groups in Communist China has taken place over the past few years. This "nationalism" has been especially manifest among the Turkic peoples of Sinkiang, the Tibetans, and, to a lesser extent, the Mongols of Inner Mongolia. These are the three major minority races in China, and in theory each is entitled to a special autonomous status: both Sinkiang and Inner Mongolia are Autonomous Regions, and Tibet is in the process of becoming an Autonomous Region.

The "autonomy" accorded or offered to these peoples, however, is simply a facade for Han Chinese control, and involves a status inferior to that provided for minorities in the USSR, who in theory have their own Republics. The "autonomy" granted to the main minority groups in China has failed to soften their traditional opposition to Chinese rule, which to the contrary has increased because of (a) Chinese attempts to socialize their pastoral-agricultural economies, (b) continued Chinese colonization, (c) pressure to supplant the local languages by Chinese, and (d) manifestations of Chinese racial imperialism—"great Han (Chinese) chauvinism"—in the personal behaviour of Han Chinese towards these minority peoples. For these reasons, the "local nationalists" feel little attraction towards Communism, which they evidently regard as simply a mechanism of Han Chinese control.

Strong campaigns are being undertaken against "local nationalism," but it seems likely that opposition to Han rule will tend to be further provoked by the harsh measures which are to be employed. Moreover, current Soviet propaganda from Central Asia, extolling the achievements of the USSR's minority Republics in this area, is stimulating the local nationalism of the Turkic peoples in Sinkiang and the Mongols in Inner Mongolia. The Turkic peoples of Sinkiang are closely related to those of the three adjacent Republics in the USSR, and there are close affinities between the Mongols of Inner Mongolia and those of the Soviet-controlled Mongolian People's Republic (Outer Mongolia).

The problem of discontent among the minority peoples is not a critical one for the Chinese Communist regime, but it could affect adversely the regime's economic plans for these regions, and, in the case of the Tibetans, could impair the regime's relations with India.

* * *

Over the past few years there has been a resurgence of nationalism among China's principal ethnic minorities, viz., the Turkic peoples of the Sinkiang-Uighur (i.e., Turkic) Autonomous Region, the Mongols of the Inner Mongolian Autonomous Region and the Tibetans, in what is to be the Tibetan Autonomous Region. These peoples have been traditionally hostile to rule by the Han Chinese but the antipathy which many of them are now showing towards the Han evidently expresses not only this traditional dislike but also resentment against the Communist system which the Han Chinese have attempted to impose on them.

Because these minority groups are backward, and relatively small* in comparison with the Han Chinese population of some 600 million, their resurgent nationalism is evidently of little consequence to the stability of the Chinese Communist regime, although they occupy large areas of its territory.

Nevertheless, this nationalism may have fairly serious consequences.

When the National People's Congress was sitting in February this year, its Nationalities Committee was very much preoccupied with the problem of nationalism among the minority races; this was referred to as "local nationalism," and was contrasted with "great Han nationalism." A vice chairman of this committee, Hsieh Fumin, characterized local nationalism as a refusal to accept "the advanced situation of the Han nationality," a refusal to "welcome Han help," and an unwillingness to "learn" from the Han nationality. These manifestations of local nationalism were present among all the minority people and allegedly were being exploited by "rightists" in order to incite opposition to the Han cadres and people. In order to overcome this "local nationalism" the Chinese Communist Party had to rely on hardcore Communist elements among the minorities and strive to win over the large number of "middle-of-the-roaders." The Han peoples were comparatively more developed "politically, economically and culturally" and they occupied a leading role in the country because of long-term historical development. The minority peoples on the other hand were very small in numbers and were generally undeveloped politically, economically and culturally. The basic task of the Chinese Communist Party was therefore to promote national unity around the Han people:—"The Han nationality today is the Han nationality led by the working class and its political party, the Communist Party. . . . The main thing is . . . for the minority nationalities to learn from the Han nationality and to get help from the Han nationality. . . . The acts which repulse and oppose the Han nationality are in violation of the basic interests of the minority nationalities and they must be resolutely opposed."

Customs and habits of the minority peoples which were beneficial to "socialism" were to be extolled, while those which had little effect on socialism could be ignored and those which were harmful to socialism had to be gradually eliminated.

A report to the committee by Wang Feng, a vice chairman of the Nationalities Affairs Commission, declared that since July last year the Chinese Communist Party and administrative departments in the minority areas had been carrying out a rectification campaign, directed mainly against "local nationalism." He indicated that this nationalism had developed afresh after the Chinese Communist Party had introduced certain measures of socialization in the minority areas. This local nationalism was particularly serious and malicious and it was taking three forms, (a) demands for greater autonomy within the regime and even for separation from the regime, (b) opposition to Han cadres and rejection of assistance from the Han people, and (c) the introduction of racial divisions within the Chinese Communist Party. Local nationalism was directed especially against the assumption of leading posts in the Party by Han Chinese.

* In the Sinkiang-Uighur Autonomous Region there are some 4.6 million Turkic peoples and some 500,000 Han Chinese; what is to be the Tibet Autonomous Region has a population of only 2.7 million Tibetans with very few Han Chinese; the Inner Mongolian Autonomous Region includes only about 1 million Mongols, the bulk of its 7.4 million population being Han Chinese.

Certain local nationalists had misused their administrative influence in order to oust Han people from official appointments; this was "very wrong and reactionary and it must be understood that the question of wanting or not wanting Han cadres and Han resettlers is in a large measure the question of wanting or not wanting socialism and prosperity for the nationalities."

The various minority races had to accept the leadership of the Chinese Communist Party which "genuinely" represented their interests. It was necessary to strengthen the authority of the Chinese Communist Party and government among the minority peoples, because support was lacking among these people and there was a shortage of hardcore Communists among them. The work of fostering Communist cadres among the minority people had fallen "far behind" and in order to overcome this problem efforts would have to be made to eliminate all the defects in the political and ideological work of the Chinese Communist Party. Cadres from the minority races had to be convinced that the Chinese Communist Party was "firmly opposed to national oppression and stood for complete equality of all nationalities." Extensive political and ideological propaganda would be needed to overcome local nationalism and the main line of this propaganda would be to demonstrate that local nationalism was opposed to "socialism," i.e., that the local nationalists were "bourgeois" and linked with the "exploiting" classes. Local nationalists were to be treated as enemies, i.e., ruthlessly suppressed; they were "reactionaries who opposed socialism and Communist Party leadership and sabotaged the unity of the Motherland and solidarity among the various nationalities." On the other hand, however, those who only had "tendencies" towards local nationalism, waverers between "socialism and nationalism," i.e., the majority, were to be dealt with persuasively since it was extremely important to win them over; it would be important to avoid any confusion between the two classes of people so that these remedies would not be misapplied. Meanwhile the Chinese Communist Party and administration in minority areas had to be improved and Han Party members and government officials had to be vigilant against "great Han chauvinism." Notwithstanding agitation by local nationalists for autonomous minority republics within Communist China, (i.e., the formal solution for this problem in the USSR) the Chinese Communist regime's existing administrative arrangements for the minority peoples would not be altered.

Sinkiang: In late June NCNA reported a purge of local nationalists in the Chinese Communist Party organization for the Sinkiang-Uighur Autonomous Region, following a session of the Party's committee for the autonomous region which had lasted 4½ months. Five prominent local nationalists were condemned and expelled; they included the director of the local Department of Civil Affairs, the mayor of the regional capital and the deputy chief of the region's Department of Commerce. Earlier an NCNA report in May had indicated that a purge of local nationalists was underway; it had evidently started early this year, since the first major report on "local nationalism" in this area was made public towards the end of December 1957. This report indicated that local nationalists in Sinkiang had been demanding separation from Communist China and establishment of the region as an independent state. Later reports indicated that the local nationalists opposed the Chinese Communist Party as a weapon of Han Chinese control, and these reports seemed highly credible in view of an NCNA

disclosure that Han Chinese predominated in the Chinese Communist Party's organization for the region, although the Han formed only about one-tenth of the region's population.

NCNA reports in late June emphasized the need for an active struggle against local nationalists in Sinkiang; if a resolute struggle were not carried out against local nationalism it might develop dangerously; it was present not only among rank and file cadres but also among leading elements of the Party. A concurrent report by the first secretary of the Party committee for the region stated that there had been a "severe" struggle against the local nationalists in Sinkiang over the question of secession from the Chinese Communist regime. This report also indicated that one of the major provocations of local nationalism in Sinkiang was the presence of Chinese Communist army production and construction units in the region.

Tibet: Within the Chinese Communist Party's organization in Tibet, a rectification campaign has been underway since January this year, and it is being directed to a large extent against "local nationalism."

(Continued on page 414)

THE GEOLOGY AND ORE MINERALS OF THE SHA LO WAN AREA, LAN TAU ISLAND, HONGKONG

By B. P. Ruxton, M.A. (*Cantab.*), F.G.S.

Introduction

The geology of the Sha Lo Wan area was indicated in outline on the 1:84480 geological map of the Colony published in 1936 and was described with the rest of the geology of Hongkong in 1943, 1945 and 1948 (Williams et alia). The information contained in these reports is repeated, mostly verbatim, in 'The Geology of Hongkong' by S. G. Davis (1952). The general succession pertinent to the Sha Lo Wan area was said to be as follows:—

Hongkong Granite
Lantau Granite
Tai Mo Shan Porphyry.
Repulse Bay Volcanics
Pat Sin Sediments.

No dips or strikes were recorded on the sediments and Williams makes no comment on their structure in this area. Tai Mo Shan porphyry was said to be in the form of sills and dykes in the Repulse Bay formation (Williams, 1945, p. 99; Davis, 1952 p. 36) and yet it is mapped as large homogeneous bodies covering tens of square miles in area. Moreover, roof pendants of the Repulse Bay volcanics were said to be enclosed by the Tai Mo Shan porphyry (Williams, 1945, p. 99; Davis, 1952, p. 36). Finally, the rocks are placed in a position intermediate between that of rhyolites and that of dacites and latites (Williams, 1945, p. 99; Davis, 1952, p. 37). Thus it is not clear whether this porphyry is in the form of a batholith, minor intrusives or even extrusives. To add to this confusion the Lan Tau granite is placed older than the Hongkong granite (Williams, 1945, p. 107; Davis, 1952, p. 49) and yet in 1926 (p. 579) Brock had mentioned the strongly marked contact facies caused by the Lau Tau granite porphyry on its intrusion into the Hongkong granite.

The outcome of this confusion is well shown by a study of the remarkable section drawn from WNW.-ESE., across Lantau Island through Sunset Peak, and given by Davis in his book (1952, p. 211). Here one can see Pat Sin sediments reclining unhappily on younger Repulse Bay volcanics; also a batholithic intrusion of Tai Mo Shan porphyry bearing aloft fragments (roof pendants) of Repulse Bay volcanics and Tolo Channel sediments flanked by two wall-like bands of, presumably intrusive, Lau Tau porphyritic granite and Hongkong granite.

The author spent three days in the area, from the 12th to the 15th July, 1955, and mapped some three square miles. Acknowledgements are gratefully made to the Far Eastern Prospecting and Development Co. Ltd., for arranging this visit, the Royal Navy personnel of H.M.S. Tamar for providing transport, and last but not least to Dr. R. H. Brinkman and his wife for providing accommodation on the mining camp.

Topography

The general topography around the Sha Lo Wan area is dominated by a high hill mass culminating in a peak of 2315 feet (751 metres) to the south. From this high peak long spurs alternating with deeply incised valleys radiate out over the area in the northeast and northwest quadrant and fall rapidly to the coast in the north. In general above about 900 feet (about 280 metres) the hillsides are well-rounded with a few protruding blocks of flow-banded acid volcanics. At about 900 feet there is a marked break in slope in the form of a fall-line with a steepening of the valley sides where the quartz-porphyry sill crops out, and there is a prominent series of waterfalls and rapids in the outcrop area of the sill. At levels below 600 feet (about 190 metres) the topography becomes more varied owing to the bifurcation of the main radiating spurs and the more varied geology including the contact zone of the granite. In the west of the area a well-marked ridge runs from southwest to northeast and corresponds to a hard

band of quartzite which forms the southeastern portion of an anticline striking in the same direction. This anticline has been breached by erosion at Shan Shek Wan and the quartzite reappears to the north still striking southwest to northeast. In the area of the prospect, a marked break of slope was noted at the quartz porphyry-granite contact, the steep slopes of the quartz porphyry above giving way to a gently inclined spur of granite below.

The coastline from Sham Fat Bay to Tung Chung Bay forms rocky headlands round the spurs and sheltered sandy bays coincident with the valleys, however, at San Tau a well-marked delta has been built well out beyond the headlands on either side and may owe its formation to the sheltering influence of Chu Lu Kok Island to the northeast. The details of the headlands on this coast are determined by the strike of the various dykes, quartz veins and the prominent joint directions in the granite.

Geology

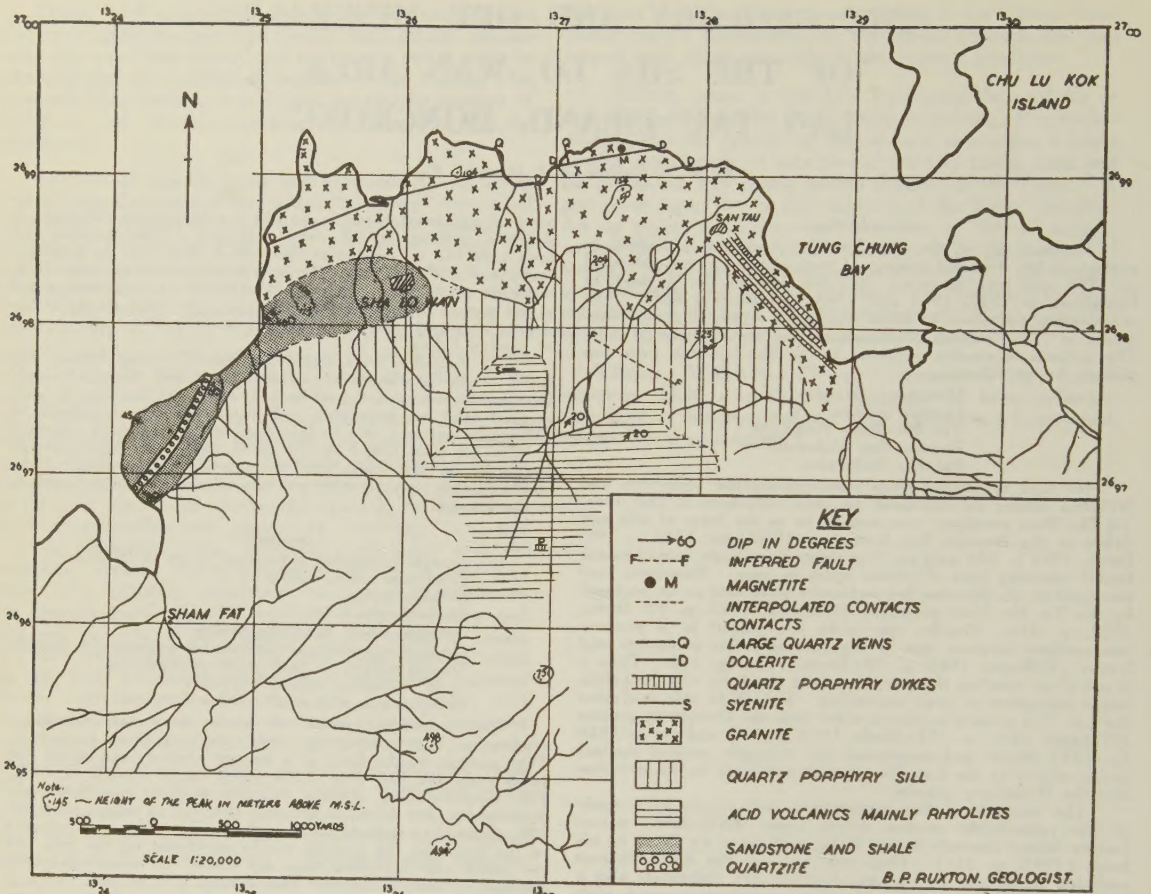
The general succession is believed to be as follows:—

Granite-porphyry dykes
Dolerite dykes
Mineralisation
Syenite, small dyke-like masses
Granite and microgranite with minor pegmatite patches
Quartz porphyry, with small phenocrysts
Acid volcanics, mainly rhyolites
Sediments in a rhythmic (?) succession.

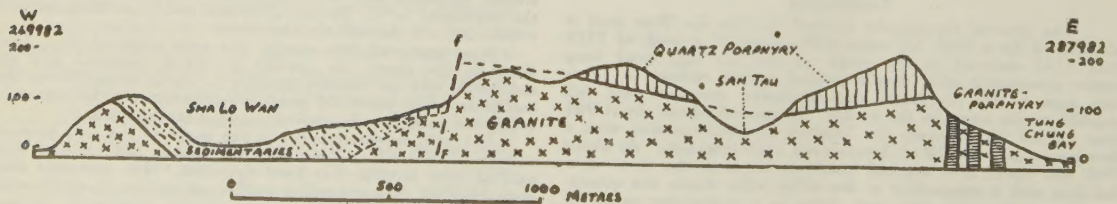
The sediments consist of white quartzites, micaceous sandstones, brown siltstones, and grey and black mudstones. They outcrop in the form of a narrow curved band about 500 yards wide and just over 2,000 yards long, running in a NE-SW. direction and slightly concave towards the southeast. Structurally they form an anticline the axis of which runs NE-SW. across the headland north of Sham Fat. They are bounded to the north by the granite, to the northwest by the sea, and the south and southeast they dip under the quartz-porphyry sill and/or acid volcanics. The eastern part of their outcrop is not well exposed and the contacts drawn on the map have been interpolated. Tunnels and trenches have been dug into the sandstones and quartzites north of Shan Shek Wan in search for wolfram with little apparent success. For the most part the sediments show strong baking or induration, though macroscopic andalusite, or abundant in the Brother's Islands to the northeast, appears to be absent in this area. Some black mudstones occur in Sham Fat Bay and may represent carbonaceous or even graphitic members of the sequence. Though only cursorily examined these sediments appear to occur in the form of a rhythmic sequence of the type—quartzites, sandstones, siltstones and mudstones, and are thus very similar to the sediments in the Brother's Islands and Tolo Channel with which they are tentatively correlated.

A contact with the granite was seen north of Shan Shek Wan on the coast, the granite is clearly intrusive into the sediments, and the contact appears to dip at about 60° to the southeast. For some 200 yards from the contact the sediments are baked into massive granular and flinty hornfels.

The acid volcanics occur to the south of the area mapped and overlie the sill at about 900 feet (about 280 metres), only part of their outcrop has been delimited. The volcanics seen were rhyolitic in composition and occur as lava flows showing very good flow-banding, frequently highly contorted. In one area the flow-banding was very regular over a wide area of scattered outcrops, and dipped to the northeast at from 10 to 20 degrees. Typical specimens show small phenocrysts of quartz, orthoclase, minor plagioclase and biotite in a grey microcrystalline groundmass.



GEOLOGICAL MAP OF SHA LO WAN, LAN TAU ISLAND



SECTION FROM WEST TO EAST ALONG EASTING 982 NEAR SHA LO WAN, LAN TAU
VERTICAL SCALE EXAGGERATED BY 1.6

From a level of about 900 feet O.D., down to at least 200 feet O.D., in places, a very large quartz porphyry sill outcrops from east to west across the central part of the area, and is bounded to the south by overlying volcanics: to the north by the intrusive granite, and to the northwest either by a thin belt of volcanics or the sediments. The upper margin with the volcanics is often well defined and the contact coincides with a well-marked fall-line clearly seen on the west side of the prominent ridge running NNE-SSW., separating San Tau from Ngau Au, its lower portions having been intruded by the granite and mostly re-crystallised, giving a very confused contact zone.

The sill has very well developed columnar jointing with polygon columns up to 8 feet in diameter and with a minimum length of some 60 feet. The sill shows strong shear fractures predominantly ESE in direction, and dipping at about 60° to the SSW. From a general examination of the contact between the upper part of the sill and the overlying volcanics it would appear that the sill is dipping to the northeast at 10 to 20 degrees. This is supported by the fact that a plane normal to the columnar joint planes has a similar dip. The quartz-porphyry shows phenocrysts of quartz, orthoclase and plagioclase up to 3 mm. in a fine-grained dark grey groundmass. The rock is distinguished from the lava by a slightly coarser groundmass texture and by the lack of flow-banding in the field, unfortunately both these criteria become invalidated in the contact zone of the granite owing to a complete or partial recrystallisation and a very detailed study would be needed to separate the two types in this zone.

The evidence for a large sill depends primarily upon two facts, firstly a well-developed columnar jointing which is clearly seen along the stream section above San Tau village, and, secondly, on the well-marked break in slope and attendant fall-line at a level of about 900 feet. This evidence is as yet very far from conclusive but it is supported by the existence of a well-marked plateau at about 400 metres (about 1250 feet) ringed around by a distinct fall-line in the area of Ngong Ping, SE. of the area described, and this plateau is at about the height to be expected from the dip of the sill. Again, the widespread columnar jointed sill of quartz-porphyry in the east of the Colony (unpublished work) would be expected to occur over a very wide area. The only alternative to a large sill would be a very thick and widespread flow of rhyolitic lava which solidified under stagnant conditions, and on the evidence so far presented this would be very unlikely.

The granite is of normal calc-alkaline type with minor biotite, accessory pyrite and occasionally secondary chlorite. For the most part it is pink, medium- to coarse-grained xenomorphic equi-granular, but in places it may be porphyritic with large pink orthoclase phenocrysts and sometimes it appears to be very rich in quartz, this latter is due to the marked abundance of closely spaced quartz veins. The granite is well-jointed and the most conspicuous major joints vary from northeast-southwest to east-west in direction. There are many other joint directions but they appear to vary appreciably

from place to place over the outcrops. In many localities dykes and masses of microgranite occur, frequently with a strike in the northeast quadrant. Pegmatitic patches occur sporadically throughout the area. The granite occupies all the northern portion of the map and represents the southern part of a large granite dome. The contact, as mapped, would appear to dip from 60° to the southeast, just north of Shan Shek Wan, and is nearly horizontal immediately south of San Tau and over the eastern portion of the mining prospect (see Sections). The granite is clearly intrusive into the sediments, the acid volcanics, and the quartz-porphyry sill. It is, however, cut by dykes of dolerite, granite-porphyry, lamprophyres and abundant quartz veins.

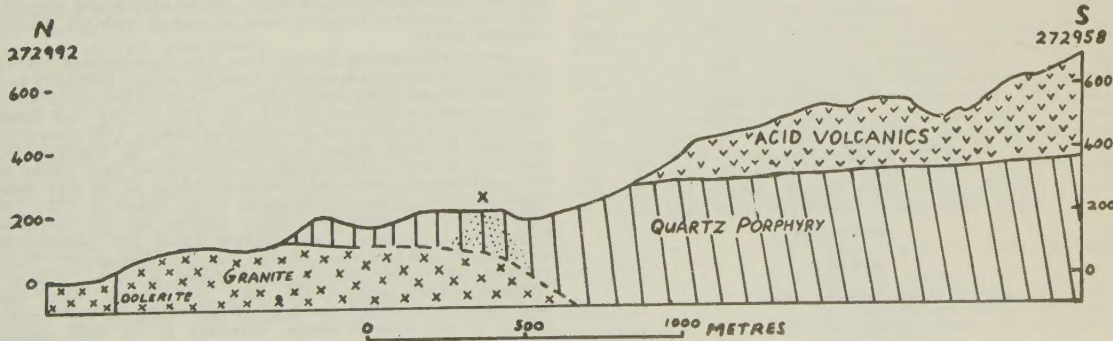
In the south of the prospect area, a small mass of syenite with dyke-like form, strikes approximately east-west and intrudes contact altered acid porphyry (volcanics?). It is itself cut by the mineralised veins. Specimens show a coarse-grained porphyritic rock with off-white phenocrysts of sub-hedral orthoclase up to 2 cms. long set in a finer groundmass of dominant feldspar with minor hornblende, biotite and some quartz. Boulders of syenite occur in the stream bed to the south of San Tau and on the hillslopes above.

Mineralisation

In general an east-west zone of mineralisation occurs with a variable width and would appear to be at least 400 yards wide on the western side of the prospect. This area of mineralisation lies on either side of the granite-quartz porphyry contact. However, since this contact is nearly horizontal in many places the surface outcrop of the mineralisation zone tends to be determined by the direction of shear zones and fractures in the rocks and not the actual outcrop of the contact.

The mineralisation can be divided into at least two parts with a separate occurrence and a different age. Firstly, there is a well-marked high temperature pneumatolytic contact zone in the immediate neighbourhood of the granite-country rock contact. This takes the form of abundant veins crossing and interlacing in all directions usually of intermittent nature. These veins are typically of grey colour and are usually of medium-grained granular texture, though they are sometimes vaguely lineated. They vary in size from just visible veinlets to a few feet across, and their boundaries are often indistinct and sometimes gradational into the country rock. Typical specimens are composed of quartz, and bleached biotite with minor quantities of feldspar, topaz, fluorite, molybdenite, chalcopyrite, arsenopyrite, wolfram, pyrite and beryl. The concentrations of these minor metallic ores are sporadic in these veins, and though rich local concentrations will undoubtedly occur, they must not be assumed to be representative of the whole vein or series of veins, where found.

It is thought that these veins were formed at high temperatures either by watery vapours or hot hydrothermal solutions expressed at high pressures into a semi-plastic contact zone, giving indefinite replacement boundaries and in some cases pegmatitic forms. For this reason the occurrence of these



SECTION FROM NORTH TO SOUTH ALONG NORTHING 272 NEAR SHA LO WAN, LAN TAU
X-ZONE OF MINERALISATION DRAWN TO NATURAL SCALE

veins will almost certainly never depart far from the immediate vicinity of the contact zone, except where outlet was provided by any major shear zones, faults, formerly weak bands in the country rock, etc.

The second type of mineralisation occurs in the form of more highly quartzitic, coarser-grained veins, usually composed dominantly of glassy or milky quartz with, at lower levels, minor feldspar. These veins have a very sharp boundary with the enclosing rock and have parallel or sub-parallel sides. The main veins have a regular dip and strike, most commonly running in an ESE direction and dipping about 60° in the southwestern quadrant, though many other directions are not unimportant and the minor veins form a reticulating stockwork. Their width is often nearly constant over some distance and they frequently cut the higher temperature veins. It would appear that these veins were formed under moderate to low temperature hydrothermal conditions and their form is completely controlled by the structural planes of shearing, jointing, fracturing, etc., in the granite and country rocks. In the anomaly area of the prospect these veins are often pegmatitic carrying small quantities of pink orthoclase whereas higher up in the tunnels, at a level of some 900 feet (about 280 metres), they are composed completely of quartz with minor ore minerals. Thus in the lower levels abundant molybdenite with minor wolfram are the commonest ore minerals, whereas in the tunnels dominant chalcopyrite occurs with minor amounts of pyrites, arsenopyrites, galena and wolfram. The chalcopyrite and quartz often show a 'pseudo-graphic' intergrowth.

It appears that the ore mineral content of these veins is much more regular than in the pneumatolytic veins and any ore concentrations found will probably be fairly consistent over some area. It should be noted that some quartz veins, notably the very wide, open-textured types, often with cavities between the crystals, do not belong in any way to this period of mineralisation. They are much later, cutting all the succession outlined in this report. Their dominant direction is nearly north-south and they may be up to 12 feet wide. Thus the abundance of quartz is no criteria for the existence of ore minerals as has been proved at great expense on other mining prospects in the Colony.

About 600 yards WNW of San Tau, in the outcrop area of the granite, small blocks of vein rock were found carrying a high content of magnetite; these blocks occur over an area of some 100 square yards, but the source vein was not located. It is of interest to note that this locality was marked on a map published in 1923 (Tegrengen, 1923, p. 262) as, one where veins of magnetic ore occur.

Dyke Phase

Some nine basic dykes were seen cutting granite in the area. Seven occur striking about northwest-southeast, and two north-south, they vary in width from 1 to 15 feet. They are of two types, pigeonite dolerites and quartz dolerites, the latter with seemingly lamprophyric affinities. Their age relations are not clear in this area, they certainly cut the granite and mineralised veins, but have not been seen in contact with the granite porphyry dykes.

From evidence in Central Lan Tau (unpublished work) the pigeonite dolerites are earlier than the granite porphyry and the lamprophyric dykes may be later. These dykes are of great interest because Williams (1943, pp. 104 & 96) and Davis (1952, pp. 18 & 26) only describe two diabase (the American term for dolerite) dykes in the whole of the Colony. W. Schofield, a former District Officer, noted three basic dykes in the north-western corner of Hongkong Island on his map published in 1924 (Plate III, facing p. 80). Brock in 1926 (p. 579) describes lamprophyre dykes cutting all the previous formations, and states: "Lamprophyre dykes are particularly numerous in this formation (Rocky Harbour Volcanics). They weather out readily leaving steep walled inlets or valleys." Williams (1943 and 1945) fails to mention both the lamprophyres and Brock's article. Davis (1952, p. 91) though failing to cite Brock's article anywhere in his book states: "Lamprophyre dykes are particularly numerous in the Rocky Harbour volcanics. They weather out readily leaving steep-walled inlets or valleys." Apart from a report of a completely decomposed lamprophyre dyke on page 107 Davis does not refer again to the lamprophyres.

The author has seen over one hundred dolerite dykes (including lamprophyres) all over the Colony to date, and average of one find per day spent in the field. It is almost unbelievable that these dyke swarms should not have been properly recognised and described in past geological work. It is indeed credit to Mr. W. Schofield and Dr. R. W. Brock that they noted a few of these occurrences. Dr. C. M. Heanley, however, in an article entitled 'Hongkong Celts' written in 1928, says (p. 28) '... not more than 200 such dykes cut the shore.' Quite obviously he had seen and recognised these basic dyke swarms.

Along the western coast in Tung Chung Bay, some six granite porphyry dykes occur and appear to strike northwest to southeast, two of these dykes are over two hundred feet wide. Inland, immediately southeast of San Tau village, similar dykes can be seen outcropping on the hillside and the outcrops have been connected on the map. They have been traced across the valley to the northwest of San Tau. For the most part these dykes have very large phenocrysts and are similar to the Lan Tau granite described by Williams (1945, p. 107) and Davis (1952, p. 49). However, here, as in other parts of Lan Tau, and on the islands of Ma Wan, Ping Chau, and Cheung Chau, these dykes are very clearly intrusive into the granite. As Brock remarked in 1926 (p. 579), they have a "strongly marked contact facies" against the granite. This is expressed in the form of a decrease in the percentage of phenocrysts from about 30% in the centre of the dykes to under 5% at the margins, also as a decrease in the size of the phenocrysts from the centre to the margins and a corollary increase in spacing distance between the individual phenocrysts. At the actual dyke margins macroscopic phenocrysts may be missing altogether and a laminated fine-grained flinty rock forms the selvedge.

The Mining Prospect Area

Apart from the general geology already described, two horizontal geological sections were prepared on the evidence of the detailed mapping of parts of the granite-quartz porphyry contact, and parts of the quartz porphyry-acid volcanics contact in or near the prospect area. The north-south section, crosses the eastern part of the area and shows clearly the believed nature of the contacts. It will be seen that the upper surface of the granite appears to be sub-horizontal for at least six hundred yards at a level of about 100 ± 30 metres O.D., (about 325 ± 90 feet). This means that in the northern half of this area, any borehole put down would be expected to reach the upper surface of the main granite mass at from 200 to 400 feet. In the southern half of this area the upper limit of the granite is thought to increase in depth towards the south.

The zone of mineralisation shown in this section, is of course very sketchy, and only gives a general idea of its true nature, which is still obscure. However, I have found that the main fractures and mineral veins strike ESE., and dip about 80° to the south, and this is shown in the section. The reasons for marking a concentrated zone of mineralisation to correspond with the northern part of this area is based on the fact, that of the outcrops seen by me, this area was indeed the most strongly mineralised.

The section from west to east borders the northernmost edge of the prospect area, and is drawn to show the irregular nature of the upper margin of the southern edge of the granite dome. It can be seen at once that the contact is depressed in the region of the San Tau valley (up to 75 metres O.D.) but rises steadily westwards across the prospect to a maximum of about 165 metres O.D., on the northwestern spur of the prospect, and then appears to fall rapidly to another depression in the Sha Lo Wan valley. This is an important section, not on account of its accuracy, which is by no means established, but because it shows that the upper margin of the granite mass is irregular in detail, and so it is quite likely that the zones of mineralisation associated with it may imitate, in a general way, this irregularity: occurring at a higher level over the granite culminations and sinking to lower levels in the depressions.

In the course of geophysical work Dr. Brinkman has located a high magnetic anomaly zone in this area, which is linear in form and runs in an ESE. direction down a small secondary spur. This anomaly, with ESE direction, can be

explained in several ways and the three most likely interpretations are as follows:

- A knife-like ridge of granite protruding from above the main granite mass into the quartz porphyry sill;
- Mineral veins enriched in magnetite;
- A relatively high concentration of wolfram in mineral veins.

It is not possible at present to indicate a preference for any one of these possibilities and borehole evidence will be needed to clarify the position.

Economic Prospects

The first published record of the occurrence of wolfram at Sha Lo Wan in Lantau Island was by Davis (1952, p. 117) where he refers to it as one of areas: "... which appear to offer the most likely possibilities for large scale mining." The area is in fact promising and one may entertain hopes of a reasonable ore extraction in the future.

The whole area is a veritable 'warren' of trenches and tunnels, unfortunately there is no record of which of these old diggings yielded wolfram. We do know, however, that the area produced considerable quantities of wolfram in 1952 and 1953 when the ore fetched a high price. With the use of modern methods by the Far Western Prospecting and Development Corporation ore veins, as and when located, will probably be worked economically even at a much reduced market price compared with that of 1952.

Apart from the wolfram, the author was struck by the relative abundance of molybdenite in the veins in the area. Although much of this has been selectively concentrated by its rejection as gangue by previous exploiters, it does appear to form reasonably high concentrations in some of the veins, particularly in the anomaly area. With modern methods of extraction it would almost certainly provide an important by-product in any future ore extraction and should not be overlooked. Elsewhere in the world molybdenite has been worked economically in its own right at concentrations as low as 0.6 to 0.7% on a large scale, and from 1 to 3% on a small scale.

Conclusion

A preliminary survey of the Sha Lo Wan area suggests the existence of a large quartz-porphyry sill, not formerly recognised. The succession in this area would appear to be as follows:—

Dyke phase
Granite with late stage syenites and mineralisation
Quartz porphyry sill
Acid volcanics, mainly rhyolites
Sediments.

The mineralisation occurred shortly after the formation of small dyke-like bodies which are themselves a late stage product of the granite intrusion. From available evidence it is apparent that mineralisation occurred in at least two phases along an east-west zone roughly parallel with and overlapping the granite-country rock contact, and is concentrated into quartzitic veins which are commonest in an ESE direction, dipping to the SSW at around 60° . It would appear that the presence of the quartz-porphyry sill and its shear jointing has controlled not only the zones of mineralisation but also the form of the granite intrusion. The order of abundance of ore minerals in the main ore-bearing veins seems to be chalcopyrite, molybdenite, wolfram, arsenopyrite, galena and magnetite, and these minerals occur at definite levels and in limited areas according to the nature and period of formation of the parent vein. The elucidation of the mineral content in the various veins and the relation of these veins to one another will be one of the most important aspects of any future work.

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PEKING'S CONTROL OVER THE RURAL POPULATION

In order to gear the rural economy to the accelerated development of China's heavy industries, the Chinese Communist Party is tightening its control over the countryside by merging agricultural producers' cooperatives into people's communes. One of the basic features of people's communes is that they are big in scale embracing some 10,000 members or even 10,000 households and their area is equal to that of townships. The People's Daily expatiated that in order to achieve a high-speed advance in agriculture and improve the peasants' living standards as quickly as possible it is necessary to carry out large-scale construction projects which will fundamentally change the natural conditions; to adopt new farming technique; to develop agriculture, forestry, animal husbandry, fishery and subsidiary production; to build small industries that serve agriculture and the needs of peasants as well as big industries; to carry out mechanisation and electrification; to improve transport, communications and housing conditions in rural areas; and to set up educational, health and cultural establishments. All this is beyond the reach of a farming cooperative consisting of a few dozens or hundreds of households.

The Transition from Cooperatives to Communes

People's communes therefore differ from agricultural cooperatives in that they are not only engaged in agricultural production but also handle the development of local industries, trade and education. People's communes have also gone a step further than farming cooperatives towards the development of public ownership. In the distribution of income and remuneration of labour, people's communes will gradually, with the development of production, substitute the wage system for the workday bonus system. Food will be supplied without payment when grain production is highly developed and when all the members of the commune unanimously agree to it. Gradually, people's communes will introduce collective household services and accelerate the development of public facilities, including service restaurants, nurseries, tailoring teams, medical establishments, sanatoria, homes for the aged and disabled and new housing projects.

Since people's communes aim to combine economic, cultural, political and military affairs into one entity, it will no longer be necessary to have separate township governments. The administrative committees of the communes will be the people's councils of townships. A federation of people's communes in a county will thus become the people's council of that county. This will facilitate unified leadership, combining the collective economy of farming cooperatives with the state-owned economy of townships and counties and helping

the transition from collective ownership to ownership by the people as a whole. The ultimate aim is to accelerate socialist construction and the transition to Communism which promises 'from each according to his ability, and to each according to his need.'

According to the official New China News Agency, Honan has become the first province in China where nearly all the peasant households have set up people's communes. By the end of August 1,378 people's communes had been formed on the basis of agricultural cooperatives, embracing 99.98 per cent of all the peasant households in the province. On the average, each commune has 7,200 peasant households; big ones consist of 10,000 households while small ones have only about 5,000 households. Before the organisation of people's communes, the province had 38,473 agricultural cooperatives averaging 260 households each.

Increased Productivity

The New China News Agency also claimed that in Honan, the working efficiency of the peasants in the communes is 20 per cent higher than in the agricultural cooperatives; the productivity of women in particular has been increased because the opening up of public restaurants has enabled 6.9 million women to take part in production. Other alleged advantages are: (1) The setting up of people's communes facilitates accumulation of common funds, allows these funds to be applied more rationally and speeds the tempo of capital construction in industry and agriculture and of farming mechanisation. (2) The communes enable the peasants to break through the limitations of the agricultural cooperatives and utilise land more rationally, according to its quality, and to fully develop its potential. (3) The communes enable the peasants to use labour, capital, land and other natural resources in a more unified way and carry out capital construction to conquer natural calamities. (4) The communes facilitate the technological and cultural revolutions and promote the development of culture and education. 98,000 colleges have been newly set up in the province, with a total enrolment of 2.4 million functionaries and peasants. (5) The people's communes are the best form to carry out the policies of simultaneously developing industry and agriculture. Approximately 350,000 factories and workshops are now run by the province people's communes. (6) The people's communes are helpful to the wiping out of the old ideology and habits of the bourgeoisie, the heightening of the people's socialist and Communist consciousness and the establishment of Communist ethics.

The Real Aim

The real aim of the transformation, however, is clearly indicated by the regulations drawn up by the Sputnik People's Commune in Honan which was set up in April this year by a merger of 27 agricultural producers' cooperatives. Article one says: "The people's commune is a basic unit of society in which the working people unite of their own free will under the leadership of the Communist Party and the people's government. . . ." In other words, the Chinese Communist Party maintains absolute control over the policies and activities of the commune.

Article two reads: "The intent and purpose of the people's commune is to consolidate the socialist system and energetically create the conditions for the gradual transition to the Communist system. To this end, we must exert our utmost efforts, and press ahead consistently to achieve greater, faster, better and more economical results in developing industry, agriculture and cultural and educational work, to carry through the technical and cultural revolutions, to gradually reduce the differences between town and county and between mental and manual labour. Article three points out in part that all members have the duty to carry out the commune's resolutions, observe labour discipline and cherish and protect public property. The essential point of these two articles and of other articles of the regulations is that the commune is required not only to produce more grain and industrial crops but also to build irrigation works, set up small factories, install power stations, construct roads, dredge waterways, establish

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schools, enforce compulsory military service, set up a communications network and surrender a large portion of profit from trade to the State.

Conclusion

Peking is ruthless and has the power to organize the countryside into these gigantic slave centres. But it is doubtful whether the merging of agricultural cooperatives into communes could bring about a substantial increase in agricultural output as Peking has boasted about. The Party's decision on the establishment of people's communes points out: "After the establishment of the people's communes it is unnecessary to hurry the change from the original system of distribution in order to avert any unfavourable effect on production." Peking

anticipates 'unfavourable effect on products' because after the formation of people's communes, the rural population will be required to do so much more work without a corresponding increase in earnings.

The Party also warned that the ownership in people's communes is still collective ownership and the system of distribution, either the wage system or payment according to workdays, is 'to each according to his work' and NOT 'to each according to his need.' In reality, Peking persists in its practice of 'from each the maximum amount of work and sacrifice and to each the minimum ration of food and other necessities.' The formation of people's communes, therefore, serves only one purpose—it enables Peking to tighten its control over the rural population.

Taiwan's Trade with the Middle East

By Wilfred Ling

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The present continued and rapid industrial development in Taiwan which is causing a phenomenon of over-production and the expected shortage of foreign exchange as a result of U.S. aid curtailment combine to make the question of expanding the Island's export trade one of paramount importance. Further economic progress and financial stability will be difficult of achievement unless exports are substantially increased and from such increased exports more foreign exchange is earned to help finance the import of raw materials required by the various industries but not produced locally. It is to be noted with great satisfaction, therefore, that the Government is redoubling its efforts towards the promotion of Taiwan's export trade. New measures are being worked out to induce manufacturers to put their products on foreign markets. The factors which have hitherto been obstructing exports are expected to be removed sooner or later. However, to increase exports, efforts should be made to extend our trading area beyond those countries with which we now have commercial relations. In the early days of the removal of the Government to Taiwan we put all our eggs in one basket and traded virtually with Japan only. This was done as we had only agricultural products, mainly sugar, rice and banana to export. With the completion of various industrial projects towards the close of 1955, our pattern of trade began to undergo a significant change, it being necessary to find new markets for our products, particularly articles which the new industrial plants turned out. With this development, our trading activities have been extended to Korea; the Philippines and other Southeastern Asiatic countries including Thailand, Vietnam, Malaya and Singapore.

Now that our industries have further developed, our agricultural production has increased and more goods are available for export, it is imperative and urgent that we look for additional markets. Our attention should be turned to the Middle East which spends hundreds of millions of dollars annually on imports and which indeed provides a potential market for our goods and products. The combined imports of Iraq, Iran, Lebanon, Saudi Arabia and Jordan totalled about US\$1,200,000,000 in 1956. Most of these countries are rich on account of their oil fields, but they have practically no industries to speak of and have to buy from abroad most of the things which they require. Saudi Arabia and Jordan have to import practically everything. Although Iraq, Iran and Lebanon have embarked upon some industrial projects, they are still in the infant stage and are not producing enough to meet their needs. In fact, they still have to import most of the consumer goods they require. Continued large amounts of revenue from their oil, United States aid and tourist trade combine to make these Middle East countries attractive as a potential market for our exports. Thus far, we have been selling only sugar to Iraq, Iran and Sudan. These countries together with Saudi Arabia, Jordan and Lebanon import annually over 500,000 metric tons of refined sugar. About

280,000 tons is Taiwan sugar. Therefore, even with sugar there is still plenty of room for increasing our sales. As to other commodities we have as yet to break in.

Aside from sugar, the five Middle East countries of Iraq, Iran, Jordan, Saudi Arabia and Lebanon can buy from Taiwan rice, tea, textile products, aluminum ingots and sheets, canned pineapple, glass and asphalt. At the present Saudi Arabia and Iraq import annually about 80,000 tons of rice from Egypt and India. As to tea, the combined quantity imported by the five Arab countries yearly is about 30,000 tons. The Arabs are heavy tea drinkers, but drink only strong thick black tea. Only Iran grows some inferior quality tea which is used to blend with the Ceylon tea imported by practically all the Arab countries. Years ago Taiwan sold a quantity of black tea to some of the Middle East countries, but unfortunately it was not up to the required grade and quality and did not conform to samples, causing a considerable loss to the importers and damage to the reputation of Taiwan tea. For this reason, it will not be an easy task for our tea to obtain an extensive market in the Middle East. In order to extend our tea trade there, we must prepare a type of tea similar to the Ceylon tea in flavor and color and of satisfactory quality. The tea market in the Middle East is very large and it is worth trying to get our product into that vast area.

There is definitely a potential market for our textile products. Saudi Arabia is a big buyer of grey and bleached sheeting and poplin. Iran, Iraq, Jordan and Lebanon import large quantities of printed cotton and silk. At present these textile products are imported mainly from Japan, India, Syria and Italy.

Lebanon operates an aluminum rolling mill and requires from 1,500 to 2,000 tons of aluminum ingots each year. Our aluminum ingots are up to the standard they require and should have no difficulty in getting regular orders once a trial order is placed, executed and found satisfactory.

The Middle East is interested in our window glass also. If we have a suitable range of sizes to offer, they may purchase from us. At present they are importing glass from Belgium.

Many fruits are grown in the Middle East, but not pineapple. The Arab people are very fond of fruits and they have expressed interest in our canned pineapple.

Other commodities which the Middle East is interested in buying from Taiwan include asphalt, plywood (made of high quality teakwood), bagasse board, electric fans, citronella oil and handicrafts.

To obtain an overall picture of their economic situation and to enable ourselves to see what trading we can do with the Middle East, let us examine the import and export position of each of the five Arab countries which our Goodwill Mission recently visited. Iraq takes the top position in imports, purchasing from abroad each year about US\$409,000,000 worth of merchandise. She buys large quantities of construction equipment and material from Britain, the United States and

West Germany and textile products from Japan. Tea and sugar are also important items of their imports. Iraq has a population of 4,800,000. She buys annually 17,000 tons of tea and 150,000 tons of sugar. Tea is imported only from Ceylon and sugar from Britain and Taiwan. Britain supplies 70 percent of her sugar requirement and Taiwan 30 percent. On the export side, dates, barley and green bean are major items, valued at about US\$39,000,000 yearly. Her annual oil revenue amounts to about US\$200,000,000. Free trade is practised. Products from Arab countries enjoy preferential customs tariff.

Iran is the next biggest importing country with annual purchases amounting to about US\$320,000,000. Principal import items are machinery, tools, construction material, sugar, tea, cotton and silk textile products. Japanese products dominate the textile market and are extending to other markets. Japan sells to Iran each year about US\$20,000,000 worth of goods and buys from her in return raw cotton. Taiwan has in Iran a good market for sugar. In 1956 we exported to that country 120,000 tons and in 1957 100,000 tons. As their annual requirement is 300,000 tons and they themselves produce only 100,000 tons, there is prospect for Taiwan to sell to them additional 100,000 tons. We should work for this. The annual tea import amounts to 10,000 tons, mostly from Ceylon and India. Export items include petrol, raw cotton, barley, flour, wool, hides, dried dates and rubber. Annual revenue from petrol amounts to US\$300,000,000. Other exports total about US\$100,000,000.

With Beirut as a transshipment and commercial center Lebanon, though rather small in area, is a very flourishing country. Her annual imports total about US\$250,000,000 and exports US\$45,000,000. Among foreign merchandise are all kinds of consumer goods, luxury textile products and even food-stuffs, imported mainly from Britain, the United States, France, West Germany, Western Europe, India and Japan. There is keen competition in the textile business with Japanese, Indian and Western European products dominating the market. As to sugar, Lebanon requires only raw sugar since she has several sugar refining mills. She can also buy some refined sugar from abroad but not in very large quantities. Indeed, Lebanon offers an attractive market for foreign goods. Despite the discriminating customs duty against them, the Japanese are doing large volume of business in Beirut and other Lebanese cities. Soviet Russia and Communist China are also actively developing their business there in implementation of their policy of economic penetration. Lebanon's earnings depend on transshipment, particularly of oil from Iraq, and tourist trade, which is very prosperous. Her export articles include barley, fruits, leather and hides, tobacco leaf and olive oil. Trade is on a free basis.

Saudi Arabia is an entirely importing country. Aside from oil, she produces nothing and has to import practically everything. Her annual imports total about US\$160,000,000. While automobiles, furniture, construction materials, and food are main items on the import list, she also buys from abroad large quantities of textile products, animal feed, sugar and consumer goods including rubber shoes, hot-water bottles, porcelain articles, electric fans and electric torches. Her annual requirement of sugar is about 36,000 tons which she is buying from Britain, Belgium and Indonesia. Taiwan sugar has not yet entered this market.

Although having practically nothing to export except wool and sheep intestines, Saudi Arabia has a large amount of foreign exchange to spend. That Kingdom is oil-rich and she gets more than US\$250,000,000 yearly from her oil. At present she is in financial trouble as she is faced with serious inflation and her currency is steadily declining in value due to reckless spending. To arrest inflation and stabilize her currency, she is enforcing restrictions on both foreign exchange and imports. These measures designed to prevent runaway inflation are changing the import system and are momentarily causing considerable confusion in her foreign trade. As the Government is making determined efforts to bring about financial improvement, there is hope that it will not be long before the country enjoys a healthy economic life again. In any case, she has to continue to import everything she needs and like other Middle East countries, offers a very attractive market for foreign goods.

Finally, there is also a potential market in Jordan which purchases from abroad yearly US\$78,000,000 worth of merchandise against a total export value of US\$15,000,000. Her main items of import are petroleum, vehicles, machinery, sugar, piece-goods, glass and tea. She consumes about 30,000 tons of sugar yearly and the purchases are made from Britain and other European countries. Taiwan sugar has not yet found its way to this market. Owing to shipping difficulties and the fact that importers buy only in comparatively small shipments, it will not be an easy task to get Taiwan sugar into this area. Some business can be done if we buy phosphate rocks from Jordan and load sugar on board the vessels sailing there to pick up the fertilizer raw material. Jordan has available for export yearly about half a million tons of phosphate rocks. She exports the entire quantity to Europe. When improvement of inland transportation facilities is completed, the production available for export will be increased to one million tons.

With no oil deposits and with most of her area being desert land, Jordan is undeveloped. She has limited financial resources but gets substantial U.S. and British aid to balance her international payments. She maintains a policy of free trade and business is all handled by private merchants.

From the above account one can readily see that there is a potential market in the Middle East for both our agricultural products and industrial goods and that we should make every effort to extend our trade there. We have signed a trade agreement with Lebanon and its implementation should not be indefinitely delayed both for the sake of achieving closer relations with Lebanon through commercial ties and of counteracting the Communist political and economic penetration in that country. Under the agreement we pledged to sell to Lebanon sugar, tea, cotton textiles, paper, aluminium, camphor, citronella oil, bagasse boards, electric fans, bicycles and sewing machines and buy from her in return vegetable oils, tobacco leaf, leather, green beans, cement, cocoons, animal glue and metallic cables. As Taiwan produces sugar, tea, cotton textiles, aluminium ingots and sheets in large quantities, there should not be any difficulty in supplying these commodities. As to the items we are to buy in return, we should be able to take at least tobacco leaf, leather and green beans.

The other countries, Iraq, Iran, Saudi Arabia and Jordan also welcome us to trade with them. They are all friendly to us and are interested in doing business with our people. However, as they believe in free trade, there is very keen competition among suppliers. If we want to get into the Middle East market, we must be ready to offer merchandise of good quality and at the lowest possible prices. For textiles which we stand excellent chances of obtaining a market, our prices should be comparable with those being now charged by the Japanese and Indians. Our present high processing costs together with the restrictions on exports are making it impossible for our products to compete successfully with products of other countries. To be able to export our goods, we must raise their quality and lower their cost. The Government should also make such readjustment in its control over export sale proceeds as would make it possible for the manufacturers or exporters to make sales abroad without suffering a loss on account of having to surrender foreign exchange realized from the sales. In this connection, it is gratifying to note that the Authorities are reviewing the whole situation with a view to devising new arrangements which would give inducement to local manufacturers to put their products on the foreign markets.

Excepting sugar, Taiwan products are still very little known to our friends in the Middle East. To be able to make a sale, we must first of all show them what we have and what our goods look like. We must also have sales agents in all business centers. At present we have only one Commercial Counsellor stationed in Baghdad covering the whole Middle East. If we are really serious about extending our trade to the Middle East we should have Commercial Counsellors in other capitals or trade representatives in other trading centers. After all, the countries are quite far apart and it is not possible for one Commercial Counsellor's office to gather up-to-date trade information from all the areas, not to speak of finding markets or pushing sales. To make sales efforts effective, it is necessary that our manufacturers send representatives or appoint agents in the various cities where business prospects are bright. It is gratifying that

a move towards this direction is being made by the textile mills. They are contemplating to organise a Textile Export Corporation and send representatives abroad to set up foreign branches to handle their foreign sales. This concerted effort is praiseworthy. It is hoped that when the Corporation is established, they will include the Middle East in their plan for setting up branch offices abroad since a promising market is there for cotton sheeting, shirting, poplin and printed cloth and silks.

As mentioned above, Taiwan goods are still very little known to the Middle Eastern countries. We must, therefore, send adequate samples there and have them properly displayed and new samples should replace old and out-of-date ones from time to time. We should also participate in trade fairs whenever and wherever they are held. A big international trade exhibition will be held in Baghdad this year and the Iraqi Government officials have indicated that Iraq will welcome our participation. Baghdad is one of the leading trade centers in the Middle East and the forthcoming trade fair there will be a great event attracting traders from all parts of the world. It will be worth our while to prepare and send a large shipment of our goods for the exhibition. We have many products which we can proudly show to our Middle East friends and which will certainly attract attention.

In the long run trade relations will be lasting if on a reciprocal basis. While we are anxious to find a market in the Middle East for our products, we should at the same time manifest our desire to buy from them raw materials which we need for our industries and which we are importing from other areas. After all, the Middle East does not have many things to offer for sale to us and we need have no worry that we must buy from them in value equivalent to what we sell as we must in the case of our trade with Japan. What they possibly have available for sale to us are only a few items including raw cotton, tobacco leaf, phosphate rock, green beans, barley and hides. We have bought green beans from Iraq and there is no reason why we cannot continue purchasing this commodity from this area. We used to buy cotton of long staple from Egypt and Syria, but now that these two countries have joined the Communist bloc we should make future purchases from Iran. Tobacco leaf and hides are produced in Lebanon and since we have a trade agreement with this country we should

try to buy these commodities from them. Their tobacco leaf is of good quality. Our Tobacco and Wine Monopoly Bureau should be able to use it to manufacture a good brand of cigarettes. Finally, there is the phosphate rock which we should seriously consider buying in order to establish trade relation with Jordan which has shown much friendliness to us. We need phosphate rock to manufacture calcium superphosphate fertilizer and import annually 80,000 tons from Florida, U.S.A. or Morocco. As price is competitive and quality on the whole is satisfactory, there should be no great difficulty for us to buy a part of our requirements from Jordan. It is true that the Jordan phosphate rock contains only 72-74% BPL (Tribasic Phosphate of Lime) against the 74-75% in the Florida or Morocco product and if we use it to produce our standard calcium superphosphate, we have to raise the sulphuric acid's concentration during the process, resulting in either a decrease of the quantity produced or an increase of cost of production. But the Jordan material has other advantages such as the comparatively low content of silica which makes the rock easier to break and also the low content of iron and alumina which turns out superphosphates without the use of large quantity of sulphuric acid. On the whole, the Jordan phosphate rock compares favorably with the Florida or Morocco rock and for this reason, its production is sold out each year. Our fertilizer companies should make a thorough test of the samples they now have and give consideration to the feasibility of making purchases from the Middle East. Shipping from Aqaba in the Red Sea which is nearer Taiwan than Florida or Morocco, a saving of freight charges may be gained.

In both imports and exports, therefore, our trade can be extended to the Middle East. In that area there is a potential market for our goods and there are commodities which we can buy in return to meet our requirements. There are vast opportunities for our exporters only if they would go there with their goods or even samples and sell. If the Japanese with the tariff discrimination against them could still establish themselves there and if Soviet and Communist Chinese goods could still find their way to Lebanon, Iraq, Jordan and Saudi Arabia despite the anti-Communist stand of these countries, there is no reason why we cannot trade there on a substantial scale. All that is needed is to have determination and get going.

Business Conditions in Japan

During the second half year of Japan's fiscal year, from September 1957 to March 1958, amidst the stagnancy of the world economy there was witnessed a trend toward autonomous retrenchment in the Japanese economy along with the general spreading of the effect of the tight money policy adopted in mid-1957. A review of Japan's balance of payments, which constituted the core of the situation calling for the adoption of the tight money policy, reveals that, owing in a large measure to the heavy decline in imports, the balance of payments turned to a surplus from October 1957 onward and showed a considerable improvement during the term in contrast to the preceding term, with a total surplus of \$297 million. In the meantime, however, exports, though expanding, indicated a notable slowdown in the rate of increase. Since the recent volume of the world's exports has slipped down from the corresponding period of the preceding year, the future of Japan's foreign trade does not admit of optimism.

On the other hand, the downward trend of domestic production since August 1957 continued throughout the term, but since the volume of shipment of goods also failed to expand, producers' inventory continued mounting, reaching as of March 31, 1958 a level nearly 40% higher than at the end of the comparable period a year ago. Equipment investments as revealed by orders for machinery also indicated a falling off trend month by month, and the trend of consumption also levelled off, with the result that prices continued a weak tone, slipping as of the end of March, 1958 to a level more than 10% below the peak registered prior to the adoption of the tight money policy.

As for the financial situation during the term (September, 1957 to March, 1958) the balance of receipts and disbursements of funds between the public and private sectors during the term registered an excess payment of ¥19.2 billion by the public sector, presenting a phenomenon quite reverse of the excess withdrawal of ¥119.7 billion by the public sector in the comparable period a year ago. This phenomenon is believed to have been due mainly to the movement of the Foreign Exchange Account consequent upon the improvement of the balance of payments. Under such basic tone in the supply of funds, industrial circles appeared to have gradually prepared themselves for coping with deflation. With the approach of the year-end, therefore, the pressure of tight money tended to lessen. During the term the pace of increase in the Bank of Japan note issues slowed down, and the rate of increase in the average monthly balances of their issues over those of the preceding year continued dwindling. The number of dishonored bills also continued a persistent fall. Both of these facts are believed to have reflected the afore-mentioned circumstances.

Under such financial situation, financial institutions have endeavored, as in the preceding term, to check as much as possible the extension of new equipment capital loans, to say nothing of nonurgent and nonessential loans, with the consequence that the increase in loans granted by all non-government Japanese banks during the term amounted to ¥428.1 billion, a decrease of 26% from the increase registered in the comparable period a year ago. On the other hand, net deposits amounted to ¥398 billion, a decrease of 8% from the increase registered in the like period a year ago. In consequence, bank borrowings from the Bank of Japan increased by ¥25.2 billion, a pronounced shrinkage from the increase of ¥286.6 billion registered in the preceding term.

In the bond issue market there existed a persistent sluggishness in the digestion of bonds by financial institutions, the largest buyers of bonds, and bond issues continued to be subjected to rigid control as in the preceding term. As regards industrial corporate bond issues especially, preferential measures were newly taken for the bonds of a few key industries, besides those of the electric power industry. In the flotation of corporate bonds by all other industries the policy of restricting the issues to only refunding issues for the redemption of maturing bonds was strictly adhered to. Thus the role of industrial corporate bonds as a means of raising new industrial funds greatly diminished in importance.

In the meantime, special issues of electric power bonds (totalling ¥6 billion in the term) were put on the market each month beginning December 1957 under a measure for ensuring the supply of funds to the key industries. At the end of the fiscal year 1957 some Government-guaranteed bonds (totalling ¥10.3 billion in the term) were issued under the method of special subscription by the Trust Fund Bureau and by the Government's Postal Life Insurance Bureau consequent upon the rescission of the deferment of the Government investment and loan program. As a result, total issues of bonds for public placement, comprising Government-guaranteed bonds, municipal bonds and industrial corporate bonds, amounted to ¥66.7 billion, an increase of ¥4.3 billion over the preceding term.

Industrial Trends: In reflection of such economic situation, the various industries have shown signs of a further sluggishness than ever. We shall now look into the trends of the major Japanese industries.

Firstly, the iron and steel industry was confronted since the beginning of the term with a pronounced decrease in demand, brought about chiefly by the shrinkage in consumers' inventory. Despite a fairly large fall in output resulting from the strike staged by the Federation of Iron and Steel Workers Unions which had lasted for the two months of October and November 1957, the market price continued falling. In order to cope with this situation, iron and steel makers effected in December 1957 a drastic cut of ¥4,000-5,000 per ton in the prices of all products. Furthermore, a large-scale curtailment of operations was carried out from March 1958 onward for those products the quotations for which were especially low. As a result, the output of rolled steel amounting to 4,090,000 tons (metric; the same hereinafter) during the term was 15% less than in the preceding term, but the inventory went on mounting so much so that an increase of some 100,000 tons was registered during the term. Though the market price has picked up somewhat toward the close of the term, it is as yet so far away from a full-scale rise that the industry is likely to find it necessary to keep up its current production curtailment structure for some time to come.

As for the machinery industry, a decline in the volume of orders received had already manifested itself in the preceding term. During the term there was not only a further sharp decline, with a slip of 34% from the preceding term, but also a gradual decrease in the backlog of orders, which up to the preceding term had shown an increase month by month.

Such a trend also spread to the shipbuilding industry which had enjoyed a boom. Though the volume of completions of vessels during the term was still at the high level of 1,110,000 gross tons, the volume of construction orders received during the term was 38% below that of the preceding term, and the backlog of orders as of the term-end was 7% below that of the end of the preceding term. Because of the severe depression prevailing in the shipping market, much expectations cannot be placed on the export of ships, which heretofore has accounted for the principal proportion of the orders received. Under the circumstances, it is already reported that some of the shipbuilders are confronted with the threat of idle ships on hand.

On the other hand, the durable consumer goods sector, which had suffered relatively little from the impact of the tight money policy, saw no deterioration in production during the term. The automotive industry, however, found it necessary to adjust as in the preceding term production owing to its partial character as a producer goods industry. The number of automotive vehicles produced during the term was 88,000 units, a decrease of 8% from the preceding term. And, the industry is annoyed by an increase in inventory and also by a big increase in the number of used cars taken in exchange for the new cars sold.

With respect to the chemical industry, the output of ammonia-derivative fertilizers in the inorganic chemical industry reached 1,880,000 tons in terms of ammonium sulfate, showing increases of 3% and 18% over the preceding term and the corresponding period of the preceding year, respectively. Though in the first half of the term the inventory had increased

because of stagnant exports, the prices of such fertilizers firmed up in the second half of the term because of a marked hike in exports.

Output of superphosphate during the term was 880,000 tons, 8% below that of the preceding term owing to the curtailment of operations effected from January 1958 onward. Thanks to the appearance of the good effects of the curtailment of operations toward the close of the term, there was some reactionary price rise.

Output of caustic soda during the term was 310,000 tons, 14% and 13% down from the preceding term and the corresponding term of the preceding year, respectively, owing to the curtailment of operations carried out by industries consuming caustic soda.

In the case of the organic chemical industry, the equipment expansion plans of petrochemical and gas chemical producers made steady progress, and the installation of equipment for the production of methanol, polyethylene, aromatics, etc. was completed one after another.

Among the plastics, output of polyvinyl chloride during the term was 44,000 tons, 29% down from the preceding term owing to the curtailment of operations necessitated by sluggish demand.

Such has been the trend of production of the principal chemical products. Generally speaking, it appears that the production activity of the chemical industry has been somewhat depressed under the impact of sluggish operations in the related industries.

In the textile industry, output of cotton yarn was 1,220,000 bales (one bale contains 400 lbs. of cotton yarn) during the term, 15% down from the preceding term owing to the sluggish domestic demand and also to the adjustment of production carried out as a measure to tide over the depression in the textile industry, although exports of cotton goods were satisfactory, amounting to 530,000 bales in terms of yarn.

Total output of worsted yarn and woolen yarn during the term amounted to 108 million lbs., some 20% down from the preceding term resulting from the continued curtailment of

operations in spun woolen yarn since the preceding term and also from the 25% curtailment of operations in worsted yarn carried out since December 1957.

Output of rayon staple during the term was 303 million lbs., 23% down from the preceding term. Output of rayon filament yarn amounting to 72 million lbs. was 34% below that of the preceding term. In both cases the decreases in the outputs resulted from the curtailment of operations, the rates of curtailment being 30% for rayon staple in March and 30% for rayon filament yarn from October 1957 onward. The rate of curtailment for the latter was upped to 50% from January 1958 onward.

Output of synthetic fibers during the term was 48 million lbs., a 2% increase over the preceding term, with a slowed down rate of expansion. However, the installation of equipment for the production of new synthetic fibers made notable headway.

For the textile industry as a whole there were signs of a lull for a time at the beginning of the term and a deepening depression at the mid-term, but a ray of hope of recovery appeared at last at the term-end as the result of the intensification of curtailment of operations and the cutback in the foreign currency budget of the Japanese Government.

We shall now turn to the energy and shipping industries, both closely related to the above industries. Firstly, we shall refer to the electric power industry.

Since an adjustment of production was made in the various industries—particularly the metal and textile industries, which are heavy users of electric power, there was such a slowdown in the expansion of demand for electric power that the total volume of demand during the term was 28.6 billion kwh, a 12% increase over the comparable period of the preceding year, though 1% below the goal set under the plans concerned. Furthermore, favored by an abundant rainfall, the industry was able to keep the demand and supply well balanced, with a sufficient margin, even during the drought season. This trend is expected to prevail in the future.

As for the coal mining industry, output of coal during the term amounted to 26,410,000 tons, 2% and 5% over the

preceding term and the corresponding term of the preceding year, respectively, despite the fact that a strike was staged by coalminers in March 1958 as usual. On an annual basis this output would be equal to 52,240,000 tons, roughly achieving the goal set at the beginning of the year. In contrast to this output, the demand, which up to the preceding term had been brisk, gradually indicated signs of decline, so that the coal inventories of coal mining companies and coal dealers at the term-end amounted to 2,230,000 tons, more than 10% above the normal coal inventory. Such a stagnant trend of demand was due, of course, to the reduced consumption of coal for electric power generation, due to an abundant rainfall and to the decline in coal consumption by industries in general following the production adjustments carried out by them. At the same time this situation was due to the fact that large plants had taken such active delivery of coal during the preceding term that their coal stockpiles had reached a saturation point, resulting in a decline in the demand for coal. After all, the total coal inventory at the term-end amounted to approximately 9 million tons, a postwar record high. It may be said that the waves of depression have closed in upon the coal mining industry that had heretofore enjoyed a boom in striking contrast to the slump in the other industries.

Roughly the same was the case with the petroleum refining industry. Output of fuel oils was 6,630,000 kl., 4% and 11% over the preceding term and the comparable term of the preceding year, respectively. However, owing to the stagnant demand, the demand and supply relationship continued dull, despite the demand season, with a high-level inventory and a weak tone of the market.

Lastly, we shall review the shipping industry. The shipping market, which seemingly had hit the bottom in the preceding term, fell further in the term, with the index of tramp freight rates dropping 22% during the term. On the other hand, Japan's holdings of ocean-going vessels continued increasing markedly, and the total bottoms at the term-end amounted to 3,850,000 gross tons, an increase of 11% over the end of the preceding term. On the other hand, the volume of freight could not but tend to drop, affected by the business depression throughout the world, and by the contraction of imports and failure of exports to expand. As a measure to cope with this situation, the question of laying up and dismantling idle vessels is being seriously discussed. Under the circumstances, it appears certain that every shipping company will show a pre-depreciation deficit. Thus the shipping market has presented severer signs of depression than ever.

Economic Letter from Manila

The Bureau of Commerce reported that 353 new business firms were registered during June with an investment of P24,019,611, compared with P35,310,567 put in by 309 enterprises during the previous month. Filipino capital led with P21,000,069 invested by 271 Filipino firms, followed by seven Chinese firms with an investment of P2,962,042 and four American firms with P57,500. Commercial enterprises—in both number and capital invested—dominated investments during the month as 214 retailers, wholesalers, exporters and importers were registered with a capital of P8,964,867, against 40 firms engaged in manufacturing and other productive activities with a capital share of P6,546,522.

There are 21,242 lawyers in the Philippines, some 500 of whom are women. This means that there is one lawyer for every 1,000 people in the country; and it also means that there are far too many lawyers.

Gaudencio E. Antonino, president of the Producers and Exporters Association of the Philippines, is in favor of gradual lifting of controls. The total elimination immediately would have severe short-range ill effects on the masses of the people. "Our growing population and our desire to industrialize demand greater imports of consumer goods and items of production," he noted. This need can be met by gradual decontrol of foreign exchange coupled with a selective system of import controls.

Presidential graft-buster Commander Marcelino Calinawan was authorized by the No-Dollar Import Office to seize all imports made by a group of coconut producers following that group's gross misuse of \$3,500,000 in barter permits. Calinawan said shipments consigned to the firm were undervalued or misdeclared. Commercial documents contained several entries where cameras with high-speed lenses were priced at only \$6.50 to \$11.50, a fact that aroused the suspicion of customs appraisers who knew the cost of cameras. In another shipment of the firm, agents discovered that 47 Honer accordions were priced at only \$14.85 each. Other shipments contained ball bearings, jeep clutch parts, film developing tanks, electrical equipment, small scissors and small knives.

Efforts to open trade with Red China were denounced by Sen. Emmanuel Pelaez, who declared that he sees no reason "why we Filipinos should take the initiative and knock with eagerness at the doors of a country openly pledged to our destruction." Trade with Red China would have two disastrous consequences, the Senator said: (1) it would deprive overseas Chinese of an alternative to Peiping and (2) it would spark a shift of allegiance that would create a "fifth column" in the Philippines overnight. "Personally, I believe that the

dangers in such trade are clear and present, while the supposed benefits are largely speculative and dubious."

A drive to collect delinquent taxes was launched on a nationwide scale by Acting Commissioner of Internal Revenue Melicio Domingo. He is using an augmented staff of 215 field men and additional regional personnel. Total delinquencies on May 31 were computed at P115,000,000, of which P56,564,000 represented income taxes, P37,892,000 business taxes, and P21,337,000 transfer taxes.

Bacnotan Cement Industries received approval of the Monetary Board of the Central Bank to import machinery to double its production capacity, which will mean an expansion of around 1,300,000 bags a year. The equipment is being purchased from MIAG of West Germany and is expected to be in operation about the middle of next year.

The Manila port area known as the Manila Air Station—controlled by the United States for the past 13 years, mainly as a port of entry for supplies going to Clark Air Force Base—was turned over to the Philippine Government on July 31. The U.S. agreed last January to give up this, its last base in Manila.

The Export-Import Bank authorized a credit of \$9,900,000 to finance the export of a 60,000 kw electrical generating unit from the United States to the Manila Electric Co., a wholly-owned subsidiary of General Public Utilities Corp. of New York. The credit, one of the first authorized under the \$75,000,000 line recently approved for the Philippines, will be repaid in 24 semi-annual installments.

A new type of abaca stripping machine was introduced at a planters' conference called by Agriculture Secretary Juan de G. Rodriguez. Called capable of revolutionizing the hemp industry in the Philippines, the machine is capable of processing around 1,000 pounds of fiber a day. It is designed to meet the requirements of plantations with an area of 70 to 500 acres. The machines will be brought in from Japan by the government under the reparations agreement and sold to the planters on easy terms.

National Treasurer Vicente Gella reported that the finances of the Philippine Government are good and that he does not expect another deficit this fiscal year. "We now have a surplus of P4,000,000," he said, "and with the national government instituting stringent measures to prevent foolish spending, we can expect to have money at the close of the fiscal year."

Jose Rodriguez, chairman of the Board of the Philippine Government's National Development Company, continues negotiations for acquiring ocean-going vessels for the Philippines under the reparations agreement with Japan. It appears certain now that some of the vessels will be delivered, in accordance

with the reparations pact and the Philippine Overseas Shipping Act of 1955, although the number of vessels and the dates of delivery have not been determined—or, at least, not announced.

The Philippine Chamber of Industries received an offer to sell capital goods on the deferred payment plan from Material Technique of Paris, with a branch in Lausanne, Switzerland. The organization represents a large group of French manufacturers. Among the goods offered are railway rolling stock, iron processing equipment, woodworking machines, distillery equipment, gas turbines and free piston compressors, laboratory and hospital equipment, garbage collection machinery, and road building equipment.

Oil shares have accounted for at least two-thirds of the active trading on the Manila Stock Exchange lately. Transactions have been at the boom level of one to two million pesos a day, a marked contrast to the sluggish trading of the previous

several months. The significance of this new phenomenon is that it is now becoming possible to finance new productive ventures out of domestic capital. Why such capital appeared to have been difficult to secure before is understandable. It has been in hiding, afraid of government policies toward business, including new industries engaged in production, and deterred by the political as well as economic uncertainties. Why such idle capital is now coming out of hiding is not hard to explain either. In the absence of any incentive in other productive ventures, it has chosen to go into oil speculation in the belief that it offers a better outlet for investment in securities today. Because of the active interest shown in current oil exploration and drilling operations, buying of shares has been heavy and a share that sells at one centavo today can go up rapidly in a short period on a bull market. The spark, it is said, has been provided by foreign investment interest in Philippine securities.

SOCIOLOGICAL ASPECTS OF LABOUR IN MALAYA

Before the war, labour in Malaya was a very largely immigrant force and came from China and from India. Since the war, there has been a considerable increase in Malay labour, and immigration from China and from India has completely ceased. The Indian workman like the Chinese workman is now in almost all cases a permanent resident of this country, has his wife and children living with him here, and no longer intends to return to his ancestral home. There is thus a stable and resident labour force available in the country sufficient for all its present needs; and the great increase in population which is taking place will mean that immigrant labour will never again be required. There is also no emigration of labour to neighbouring countries.

Except on the East Coast, where there is comparatively little industrial development, the Malayan climate is very much the same all the year round. While it is true that for a few weeks the rubber trees "winter", and while it is true that during this period the flow of latex diminishes, the latex still flows. Tin can be won, and is won, all the year round; cold weather and frost do not interfere with construction work; only occasionally does the wet season interfere with transport; and even the pineapples, thanks to hormone treatment, will now ripen all the year round. Thus there is steady employment during every month of the year, and difficulties do not arise, as they arise in many other countries, about finding employment for large numbers of persons who have no work to do during the off-season.

The wage and salary earners are drawn from the three main races in the country. In many places of employment there are mixed labour forces, and in many places the workers of the varying races work side by side on the same work. However, the position of the wage-earners of these three main races within the community differs in some respects. The Indian wage-earners are simply employed on estates and by Government and the Local Authorities. In either case they are usually housed by their employers and are completely detached from the land. The typical Indian wage-earner remains a wage-earner all his life, often being reluctant even to change his place of employment. Because so many of them live on estates, in a separate community, they tend to become citizens of the estates rather than citizens of the State. However, this isolation is beginning to be broken down because the Indian labourer on an estate now has more chances of paying visits outside the estate, is a member of a National Trade Union which includes not only Indians from other estates but also workers of other races, has an opportunity of listening to the wireless and of seeing films, and is also visited more frequently by persons who are interested in obtaining his vote.

The Chinese wage-earner is in a rather different position. Although many Chinese wage-earners live in housing supplied by workers themselves or by their employers or is provided free

to those who cannot afford to pay at the Government hospitals, clinics and dispensaries.

It has frequently been suggested that the conditions of employment and health measures in plantations are not conducive to the health and well-being of the employees. In the Federation of Malaya this is most decidedly not the case. Labourers working on rubber, coconut, tea and oil palm estates generally enjoy better housing and medical facilities than are offered in almost any other type of employment. They live, generally, in housing of a higher standard, with less overcrowding than the urban worker. They are provided by their employers with free medical attention, and their life is lived in sanitary surroundings. Malaria which was formerly the chief cause of absenteeism is now well controlled.

In Malacca, the Malacca Agricultural Medical Board issues monthly figures to show the number of days lost by sickness among the estate workers on the estates which are looked after by the Board. During the last six months of the year these figures show that:

- (a) Of an average labour force of 5,070 women 71 were on average absent from work each day, representing 1.4 per cent.
- (b) Of an average labour force of 6,838 men 78 were on average absent from work each day, representing 1.1 per cent.
- (c) Of an average total labour force of 11,908 persons 149 were on average absent from work each day representing 1.3 per cent.

For an interesting comparison with these figures the percentage of the total number of insured persons (including office workers, as well as "labourers") who were absent from work in the United Kingdom was:

On July 17th, 1956	4.0%
On December 18th, 1956	4.2%

There are in the country 116 estate hospitals which contain approximately 5,300 beds and serve about 180,000 estate labourers and their families. These hospitals are under the care of either a resident doctor or a visiting doctor, and are suitably equipped and staffed to deal with almost all cases other than those requiring surgical treatment. In addition there are approximately a further 80,000 estate workers who are cared for by visiting doctors, on estates of over 100 acres. Of the workers employed on estates of over 100 acres, 94 per cent. of the total workers employed, about 260,000 and their families receive from their employers free medical attention.

In addition to the above there are many estates in Malacca and all the estates in Kedah which are members respectively of the Malacca Agricultural Medical Board and the Kedah Health Board. The former provides a medical service for about 23,000 people living on rubber estates amounting to 156,759 acres

while the latter in eight Group Hospitals and five estate hospitals their employers on estates and mines and elsewhere, many of them also have a house in a new village to which they can return if they wish to leave their employment. Very large numbers of Chinese are engaged in business in some form or another, and many Chinese wage-earners either temporarily or permanently cease to be wage-earners and, as opportunity offers, take up business in a small way. A Chinese may well be a wage-earner one month and a petty hawker or a petty contractor another month. If employment is difficult to get, he may well turn to vegetable production. Because the Chinese wage-earner has a place in the village community, he is becoming less detached from the rest of the population; but it is still true to say that the average Chinese wage-earner speaks no language but his own.

While there is a tendency for the Malays to take up wage earning on a more permanent basis than they were previously accustomed to do, it is true to say that the majority of Malay wage-earners do not wish to be wage-earners all their lives. The majority of them have an interest in a piece of land in some village and when the discipline of wage earning begins to pall they will return to their native village and will start to cultivate their land again.

The extent to which there is movement between the wage and salary earners and the self-employed population is roughly indicated by the Employees Provident Fund figures which show that since 1952 a total of 950,334 persons have at some time been registered as employees for the purposes of the Fund and still have credits but that during December, 1956, only approximately 498,230 persons were in fact actually contributing. The Employees Provident Fund does not cover all employees, and therefore some of those who have registered with the Fund and who were not, in December, still contributing to the Fund,

are probably still employed on wages or on a salary. In considering these figures, it must also be remembered that a very large number of Malays were recruited from their villages to become Special Constables for the purposes of the Emergency, and that many of the Special Constables have now returned to their ordinary civilian agricultural occupation.

Most of the women employed as labourers in the Federation of Malaya work on estates where they are able to find tasks suited to their physical capacity, and where, under the provisions of the Labour Code, there are amenities which are not generally available on other places of employment. On estates, provided there are a sufficient number of women employed, creches are provided for the infants, and schools for the children making it possible for a wife to assist her husband by working to augment the family income. No distinction is made between the piece rates for men and women employed as tappers in which capacity women are as skilled, if not more skilled, than men.

In mines women are not allowed to be employed in underground working and are engaged generally in light manual labour, such as grass cutting and the clearing of drains. Many women also engage in the work of dulang washing—that is panning for tin ore in the rivers running through tin bearing land.

All women labourers, under the provisions of the Labour Code, are entitled to abstain from work for a period of one month before and one month after confinement, and to receive from their employer a Maternity Allowance based on their previous earnings. If however a woman continues to work during the benefit period she is not entitled to receive the allowance in addition to the wages earned in respect of that portion of the benefit period during which she continued working.

CONDITIONS IN NORTH BORNEO DURING 1957

During 1957 North Borneo again enjoyed that racial harmony and freedom from political strife which leave Government and the people free to concentrate on reconstruction, the development of economic resources and the improvement of social services. In all these fields considerable progress was achieved during the year and every endeavour was made to strengthen the internal framework of the Colony and prepare it for its inevitably increasing participation in the affairs of the world around it. The Governor, in addressing the Native Chiefs' Conference in October, on the subject of the greater responsibility for local affairs and the assimilation of new immigrants, epitomised the tenor of the year when he said: "North Borneo remains a pleasant place but, just for that reason, it is attractive to many. If we are to keep it as we would have it we must make it strong. The Government is aware of that necessity, but the Government is only strong itself if it rests on the will of the people, of all the people, and you must therefore play your part, and take your share of responsibility, in what Government is seeking to do. What is it that we are in fact seeking to do? We are trying to build a strong and happy country, one that can take its place with confidence in a rapidly changing and dangerous world. I do assure you that it will remain happy only in so far as it becomes strong, and it will be strong only in so far as it commands the loyalty and industry of all its peoples."

In stressing the need for the continuance of racial harmony and the strengthening of the country to meet external stresses, this address prepared the way for deliberation on closer association between the three territories of North Borneo, Sarawak and Brunei, a subject which has been under consideration for many years, and which was thrown open to public discussion in North Borneo and Sarawak by the Governors of the two territories in simultaneous broadcasts early in February, 1958.

In pursuance of existing policy the Eighth Inter-territorial Conference was held in Jesselton in September under the chairmanship of the Commissioner General for the United Kingdom

in South East Asia. Many items of common interest to the three territories were discussed.

A major policy decision announced during the year was a relaxation in the regulations affecting the entry of Chinese immigrants into the Colony from Hongkong. Skilled artisans who, previously, were admitted on temporary entry permits, will, under the new arrangements, now be permitted to remain in the Colony if it is considered that they are likely to prove useful citizens, while a limited number of selected and sponsored relatives of families already settled in North Borneo will be permitted to enter as agricultural workers.

An earlier scheme whereby sponsored immigration from the Philippines was to be permitted has not met with the success originally hoped, largely owing to the reluctance of employers to take advantage of the agreement, but it is confidently expected that the new decision to permit the entry of limited numbers of selected Chinese immigrants will ease the labour problems of the Colony and do much to increase its productivity.

Native inhabitants of the Philippines, Timor and the Celebes arriving in small vessels engaged in the copra trade still continue to seek work, principally on the East Coast estates, and more than 3,000 entered the Colony during 1957. It is also to be noted that, for the first time, the estimated population of the Colony has exceeded 400,000.

Development

The improved conditions of service consequent on the Bain Commission have enabled Government to fill vacancies for professional and technical officers, some of which had been of such long standing as to be acutely detrimental to the development programme. The departments most affected have been the Public Works Department and the Education Department. As the staff position improved in the course of the year, so the country became poised for some rapid constructional and educational development in the future.

Steady progress was made towards an all round improvement in communications on which a country largely built up of isolated communities so much depends. Roads were improved in most districts of the Colony and at the end of the year a road construction team started work on a major all-weather development road in the Tawau area. The programme of jeep track construction undertaken by District Officers is providing a valuable net-work of feeder roads.

Considerable improvement in the standard of the railway track between Jesselton and Beaufort resulted in better time-keeping, while progress in relaying and regrading the Gorge section leading to the Interior was more rapid than previously. With the arrival of three ninety-ton locomotives at the end of 1956 motive power became adequate for most duties, and the new diesel train-set put into service in April, 1957, accounted largely for an increase of nearly five per cent in passenger traffic.

All telecommunication services continued to increase in popularity, but in spite of good progress made in the installation of automatic exchanges, and the provision of new V.H.F. radio telephone circuits linking Sandakan, Kudat and Labuan with Jesselton, it has not been possible to keep pace with demand.

Following the deterioration, through sustained rain, of the Jesselton grass landing strip towards the end of 1956 a temporary all-weather bitumen sealed runway 1,200 yards in length was constructed, as an emergency operation, during the first half of 1957, and plans are in hand for the building of a permanent sealed strip in 1958.

During the year the North Borneo Government, jointly with the Governments of Sarawak and Brunei, entered into two agreements for the development of civil aviation in the Malaya-Borneo region. In the first of these, the Borneo Governments participated in the reconstitution of Malayan Airways in association with the Governments of the Federation of Malaya and Singapore, the British Overseas Airways Corporation and Qantas Empire Airways; whilst in the second the Borneo Governments, holding a majority interest, formed a new company in association with British Overseas Airways Corporation and Malayan Airways Limited to become Borneo Airways.

The new Central Government Offices in Jesselton were completed and occupied shortly after the opening of the Queen Elizabeth Hospital. These two projects were the major constructional works undertaken in Jesselton during 1956 and 1957. Good progress was made in sewerage schemes for the larger towns and in the new water supply scheme for Jesselton. A new hospital was opened in Keningau, a spacious modern market was completed for Jesselton and the foundation stone of a new Anglican Church was laid, whilst reconstruction of shophouses in Sandakan, in Tawau, where four-storey shops have been erected, in Jesselton and in other smaller townships proceeded steadily.

The new Jesselton wharf was completed during the year, and the bulk oil storage installation of The Standard Vacuum Oil Company adjacent to the port area was nearing completion at the end of the year. In Labuan a new bulk oil installation, including deep water wharves, built by The Shell Oil Company was brought into operation in April. Transit godowns were constructed in Sandakan and Labuan while plans were drawn up for a new wharf at Tawau and investigations for improved wharf facilities were also undertaken at Kudat. A record in shipping using North Borneo ports was established during 1957, the total tonnage reaching nearly six million tons, which showed an increase of approximately one million tons over the 1956 figure.

Commerce

The total value of the Colony's visible external trade in 1957 amounted to \$242.5 million, the highest annual total ever recorded. Imports for the year totalled \$121.6 million, exceeding the 1956 total by \$4.2 million, and exports amounted to \$120.9 million as in the previous year. There was thus an unfavourable balance of visible trade of \$0.7 million.

Provisions (valued at \$15.3 million excluding rice) were, as previously, the most valuable item imported; followed by machinery (\$11.7 million), metals (\$8.9 million), rice (\$8.0 million) and textiles and apparel (\$6.1 million) in that order. There was a significant reduction in the value of provisions and

textiles and apparel imported compared with the previous year.

Rubber continued to be the Colony's principal export, but the price fell during the year. Exports of rubber totalled 19,900 tons as in 1956, but the value fell from \$40.3 million in 1956 to \$37.0 million in 1957. Exports of logs and sawn timber increased by 6.2 million cubic feet over the 1956 figures to a total of 21.9 million cubic feet valued at \$31.5 million. Copra exports continued to increase largely on account of the East Coast re-export trade. In 1957 63,700 tons of copra valued at \$24 million were exported compared with 59,200 tons valued at \$23.3 million in 1956. Exports of tobacco declined slightly both in quantity and value, and the export of cutch fell rather substantially. There was a rise in the quantity and value of hemp exported.

The United Kingdom continued to be the principal market for the Colony's imports and exports, although there was some fall in both compared with the 1956 figures of percentage of total imports and exports. Other important markets for Colony exports were Malaya, Japan, Hongkong and the Philippine Islands.

Rubber continued to be exported principally to Singapore and the United Kingdom; timber went mainly to Japan, Hongkong and Australia in that order; copra was sent chiefly to China and Macao, the United Kingdom, Singapore and European countries; more than half the hemp exports were to the United Kingdom, with Japan taking the greater part of the balance; while estate tobacco went exclusively to the United Kingdom. The United States remained the principal importer of North Borneo cutch, with Japan second; while all firewood exports continued to go to Hongkong.

Production

The importance of rubber as the main crop of the Colony was re-emphasised by a significant increase during 1957 in the acreage planted. By the end of the year the total area under rubber was 137,000 acres. In spite of considerable price fluctuations, yields were maintained, and applications to the Rubber Fund Board for stumps and budwood continued to exceed material available. The Board has recently increased the planted acreage of its isolation seed garden and when the new area reaches maturity should be in a position to supply some 2,300,000 clonal seeds per annum.

The padi crop harvested in early 1957 was again above average with an estimated yield of 55,437 tons of padi, (equivalent to 34,371 tons of milled rice), but indications for the 1957-1958 crop were far from promising.

Virus disease of Manila hemp continued to cause concern in the abaca industry of the East Coast, but efficient control measures kept it to manageable proportions and at no time during the year did it become epidemic. Exports of commercial fibre amounted to 2,794 tons in 1957 compared with 2,332 tons in the previous year.

The acreage under coconuts increased during the year, and the one large tobacco estate in the Colony recorded a successful year. Messrs. Borneo Abaca Limited now have 313 acres under cocoa near Tawau and intend to expand this further; while experiments made by the Department of Agriculture in growing cocoa on the basaltic soils of the Quoin Hill area in the Tawau Residency have proved most encouraging. Cocoa is not at present exported from North Borneo, but first reports on commercial samples have been favourable. There has been an appreciable increase in the acreage planted to coffee by smallholders. Maize, groundnuts and soya beans continued to be important annual crops in all residencies.

Timber production increased by twenty-six per cent in 1957 over the total for the previous year. Exports of timber continued to increase but trade difficulties arose from the instability of freight rates and a timber slump in Hongkong, the second largest market for Borneo timber. In addition to four important overseas holders of twenty-one-year concession licences, three large local timber firms accepted offers of concession agreements. The export of firewood rose during the year but of other forest products declined. Cutch, the most important minor forest product, met with poorer demand in both the American and Japanese markets.

An event which it is hoped will have major economic significance in the future was the launching of a marine drilling platform by The Shell Company of North Borneo at Hankin Shoal, thirty-one miles off the coast from Labuan, in May.

Arrangements for the commencement of drilling operations early in 1958 were well in hand at the end of the year.

Besides the immigration measures already referred to, designed to improve the supply of labour, three other important measures were introduced during the year as part of the Government's efforts to encourage the establishment of further capital enterprises in the Colony. First, the Pioneer Industries (Relief from Income Tax Ordinance, which had been passed in 1956 and came into operation at the beginning of 1957, gives exemption from income tax for an initial period of two to four years to any industry which has been accepted as not having been carried on previously on a commercial scale suitable to the Colony's economic requirements or development and which it will be in the Colony's interest to encourage. Second, under the revised Income Tax Ordinance which came into force at the beginning of the year, capital expenditure incurred on plantations, which includes rubber, coconuts and forest stands, can be written off against assessable profits over a period of ten years. Third, in order to aid the establishment of cocoa as an economic crop, duty on the export of the produce was waived for a period of ten years with effect from the 1st January, 1957. A fifty per cent remission of export duty on hemp had already been granted towards the end of 1956 and is to remain in operation until 1962.

Public Finance

The approved Estimates for 1957 provided for an estimated general revenue surplus in the Ordinary Budget of \$7.804 million at the beginning of the year and \$7.815 million at the end of the year. When the accounts for the year 1956 were closed the actual general revenue surplus as at the 31st December, 1956, was \$8.769 million and the latest indications are that the general revenue surplus at the end of 1957 will be about \$9.169 million. During the year 1957 a contribution of \$6 million was transferred from the Ordinary Budget to the Development Budget.

The latest revised estimate of ordinary revenue for the year amounts to \$35.5 million, compared with \$33.7 million during 1956. Of this total \$18.8 million was estimated to accrue from Customs receipts and \$4.8 million from licences and internal revenue. There was a significant increase in forest revenue from \$2.2 million in 1956 to \$2.6 in 1957 which may be directly attributed to the expanding production of the timber trade. Revised estimates of development revenue totalled \$19 million, compared with \$14 million actual development revenue in 1956.

The latest revised estimate of ordinary expenditure amounts to \$29.1 million, compared with \$26 million in 1956. To this must be added a contribution of \$6 million to the development account. Revised estimates of development expenditure totalled \$16.2 million, compared with \$13.4 million actual expenditure in 1956. The expenditure included \$6 million on Colonial Development and Welfare schemes.

Social Services

Considerably increased expenditure was incurred by Government in respect of educational services during the year. The Board of Education advised the extension of eligibility for grant-in-aid to all schools and in 1957 the allocation in the Colony's budget for this purpose was almost doubled. The Board also drew up a code governing the ages of children admissible into school classes in order to limit the age range in classes and to solve the problem of over-age pupils, particularly in Mission primary schools. By the end of the year the number of schools of all types was 288 with a total enrolment of 34,251 pupils compared with the 1956 figures of 282 schools with 32,144 pupils.

The first Government Secondary (Technical) School, with a bias towards science, was opened in temporary premises, and plans were completed to extend Kent College in 1958 by providing one and two-year courses for teachers in English Primary schools in addition to the vernacular and Chinese courses already provided.

During 1957, ninety-one students from North Borneo were studying overseas, on scholarships awarded under the Colombo Plan, from the Colonial Development and Welfare Fund, or from other sources.

An Administrative Officer was appointed as Training Officer for the Colony and was charged with drawing up a

comprehensive programme designed to make local candidates available for higher posts in Government, commerce and the professions, and also with preparing schemes of in-service training with a view to improving the efficiency of the Service at all levels.

Broadcasting and Information Services continued to expand as rapidly as staff, premises and finances permitted to keep pace with the ever-increasing public interest in the services offered. During 1957 the length of the daily radio transmission was extended from four to five and a half hours and the number of wireless licence holders increased from 7,456 in 1956 to 9,645 in 1957. A bi-monthly radio magazine published by the Department was started in January and proved popular.

Mobile cinema circuits in and around Sandakan and Tawau were inaugurated during the year and a start was made on the establishment of the Department's own film unit.

Except for an outbreak of "Asian Flu" which was widespread but not serious, the Colony was free from epidemics during the year. Malaria and tuberculosis continued to be the major health problems, but the Malaria Control Scheme, begun in 1955, progressed well, and a scheme for the control of tuberculosis was drawn up towards the end of the year.

The opening of the Queen Elizabeth Hospital in Jesselton and the new cottage hospital at Keningau, both of which were events of major importance, have already been referred to. Attendances at Maternity and Child Welfare Clinics continued to increase substantially, the 1957 figures of over 57,000 being more than double those of 1953. An experimental scheme was started in the middle of the year for bringing in for simple training practising native midwives or "bidans".

The Fifth Inter-territorial Anti-Malarial Conference was held in Labuan in November at which Progress Reports from the three British Borneo territories were discussed and plans for further co-operation and continued work on malarial control were laid. Representatives from the Indonesian Government attended for the first time and exchange of information between Kalimantan and the British Borneo territories is expected to continue.

The several missionary organisations established in the Colony continued to do important work in the medical field as well as in education. Also active were the voluntary social welfare organisations, which included the War Victims Fund Board, the Leper Fund Committee, the Boy Scouts and Girl Guides, the Rotary Clubs of Jesselton and Sandakan, the British Red Cross Society, the St. John Ambulance Brigade and the North Borneo Anti-Tuberculosis Association.

Local Government

It is an important part of Government's policy to encourage Local Government, but the aim is to make haste slowly and always with due regard to the inclinations of those concerned.

Until a few years ago, the only instruments of Local Government were Sanitary Boards to control the principal towns and townships. The pattern now being followed is to integrate small market towns and townships with their surrounding country by establishing Local Authorities under the Rural Government Ordinance over suitably homogeneous areas, for example, a whole administrative district, including the townships and villages. Where, however, a town has grown to a fair size and has developed a distinct civic consciousness and urban problems of its own, it will remain apart and be established as a Town Board under the Municipal and Urban Authorities Ordinance. Eventually some of these urban bodies will, it is hoped, be raised to the status of municipalities.

In the year under review there were four such Town Boards under the Municipal and Urban Authorities Ordinance. Under the Rural Government Ordinance there were three Local Authorities, now called Rural District Councils, and all preparations were completed for the creation of three further Rural District Councils at the beginning of 1958.

In addition to the statutory authorities there are Residency and District Teams composed of representatives of Government Departments and prominent local unofficials under the Chairmanship of the Resident or District Officer. Since their inception in 1954 these teams have commanded wide support and contributed much to the smooth running of district administration.

Hongkong's Trade in August and January - August 1958

The value of exports during August at \$235.49 million fell by \$11.58 m compared with the preceding month, and imports at \$339.44 m declined by \$22.60 m. Imports from China dropped from the high value of \$133.39 m in July to \$106.10 m in August. Exports to Malaya fell short of the previous month's total by \$5.07 m. The totals for August 1958 compared with those for the corresponding month in 1957 showed an increase of \$26.35 m in exports, and a decrease of \$48.66 m in imports.

The value of total exports during the first eight months this year at \$1,885.73 m represents a decrease of \$141.76 m from the record of the same period last year. Imports fell by \$572.03 m to \$2,931.85 m. The United Kingdom increased purchases from here by \$38.82 m to the total value of \$251.97 m and replaced Malaya as the principal customer so far this year. An increase of \$84.83 m was recorded in the value of exports to the United States. Exports to Japan fell by \$124.15 m, and to Indonesia by \$85.52 m. Imports from China increased in value by \$89.14 m. Imports from most other principal countries showed a drop in value, notably those from the United Kingdom, Japan, the United States and Belgium which dropped by \$107.79 m, \$86.78 m, \$74.61 m and \$60.29 m respectively. The following table shows changes in the direction of the Colony's trade during the first eight months this year compared with the corresponding period in 1957:

EXPORTS

Country	Jan/Aug 1958	Jan/Aug 1957	Increase/ Decrease
	\$ million	\$ million	\$ million
United States	204.60	119.77	+ 84.83
United Kingdom	251.97	213.15	+ 38.82
Japan	73.83	197.98	- 124.15
Indonesia	139.83	225.35	- 85.52

Commodity	Jan/Aug 1958	Jan/Aug 1957	Increase/ Decrease
	\$ million	\$ million	\$ million
Clothing	338.36	283.21	+ 55.14
Footwear	66.79	46.54	+ 20.25
Ores and metal scrap	25.68	83.47	- 57.79
Base metals	43.16	88.46	- 45.29
Textile fibres	17.54	60.07	- 42.54
Textile yarn and piecegoods	434.24	472.21	- 37.97

IMPORTS

Country	Jan/Aug 1958	Jan/Aug 1957	Increase/ Decrease
	\$ million	\$ million	\$ million
China	831.45	742.32	+ 89.14
United Kingdom	345.81	453.60	- 107.79
Japan	394.81	481.59	- 86.78
United States	308.62	383.22	- 74.61
Belgium	33.07	93.35	- 60.29
Pakistan	25.34	70.62	- 45.28
Switzerland	91.66	128.45	- 36.79
Taiwan	26.43	60.12	- 33.69
India	29.11	62.80	- 33.69
Thailand	107.47	138.98	- 31.51
Indonesia	61.28	83.98	- 22.70
West Germany	89.73	110.82	- 21.09

Commodity	Jan/Aug 1958	Jan/Aug 1957	Increase/ Decrease
	\$ million	\$ million	\$ million
Live animals chiefly for food	147.33	108.15	+ 39.18
Base metals	122.87	274.66	- 151.79
Textile yarn and piecegoods	461.19	586.66	- 125.47
Textile fibres	159.21	232.97	- 73.76
Ores and metal scrap	5.58	56.55	- 50.97
Scientific instruments; photo- graphic and optical goods; watches and clocks	108.39	156.99	- 48.60

Commodity	Jan/Aug 1958	Jan/Aug 1957	Increase/ Decrease
	\$ million	\$ million	\$ million
Animal and vegetable crude materials, inedible	93.87	129.67	- 35.80
Paper, paper-board and manufactures	70.98	93.97	- 22.99
Transport equipment	56.73	78.76	- 22.03

The value and volume of trade conducted through the post during August 1958 were: (1) No. of parcels despatched, 3,752 (value, \$1,161,298); (2) No. of parcels received, 2,393 (value, \$1,183,598).

EXPORTS OF HONGKONG PRODUCTS

The value of products wholly or principally of Hongkong origin exported during August amounted to \$93.85 m, a decrease of \$13.47 m compared with the previous month. Indonesia, down by \$3.90 m, was the principal country affected. The August 1958 total constituted 39.9 per cent of the Colony's total exports for the month, and was \$0.71 m less than the value for the corresponding month in 1957. Total exports for the first eight months of 1958 were valued at \$820.56 m, an increase of \$30.33 m over the total for the corresponding period in 1957. The country which showed the largest increase in value was the United States (\$55.95 m), followed by the United Kingdom (\$33.76 m). An increase of \$12.69 m was also recorded in exports to West Germany. Indonesia reduced her purchases by \$31.58 m, and the Philippines by \$12.7 m. The following table shows changes in the export of Hongkong products during the first eight months of 1958 compared with the corresponding period in 1957:

Country	Jan/Aug 1958	Jan/Aug 1957	Increase/ Decrease
	\$ million	\$ million	\$ million
United States	138.88	82.93	+ 55.95
United Kingdom	212.58	178.83	+ 33.76
West Germany	25.48	12.79	+ 12.69
Indonesia	38.65	70.23	- 31.58
Philippines	14.19	26.89	- 12.70

Commodity	Jan/Aug 1958	Jan/Aug 1957	Increase/ Decrease
	\$ million	\$ million	\$ million
Outerwear, other than knitted, not embroidered, n.e.s.	129.15	75.29	+ 53.86
Footwear	65.47	45.85	+ 19.62
Cotton yarn	58.45	74.31	- 15.86

Major exports of Hongkong products during the first eight months of the year included: cotton piecegoods (\$145.00 m); outerwear, other than knitted, not embroidered (\$129.15 m); footwear (\$65.47 m); cotton yarn (\$58.45 m); shirts (\$46.94 m); enamelled household utensils (\$42.36 m); toys and games (\$42.08 m); gloves of all materials, except rubber gloves (\$38.01 m); underwear and nightwear, knit or made of knitted fabrics, except cotton singlets and shirts (\$23.86 m); and cotton singlets (\$20.99 m).

Certification of Hongkong Products: Twenty-three factories were registered for the issue of certificates of origin and/or imperial preference certificates and twelve for the issue of comprehensive certificates of origin. Application for registration was refused in twelve cases, four of which were for the issue of comprehensive certificates of origin. Thirty-three factories were removed from the register. Registration was restored to four factories and registration of 36 factories was suspended, mainly pending compliance with new procedures and for failure to comply with Comprehensive Certificate of Origin procedures. Certificates of origin of all kinds and imperial preference certificates prepared and/or signed during the month numbered 18,442 and covered goods to a declared value of \$66,427,203.

Comprehensive Certification Procedures: Graphite and Novelty (Chinese-type) candles were classified as presumptive by the United States authorities. With agreement of the American authorities, shipment to the United States of these items is permitted if covered by comprehensive certificates of origin.

Certification of Embroidered Handkerchiefs: The issue of all types of certificates for embroidered handkerchiefs and comprehensive certificates of origin for embroidered goods (other than garments) made under cottage type procedure was suspended on August 5. Exception was made in the case of comprehensive certification for goods inspected by officers of the department on or before August 5 prior to distribution to outworkers, and certificates were to be issuable up to September 1st.

Changes in Overseas Certification Requirements: South Africa has amended its regulations in respect of the work and material content which might be done in a single country before certain printed piecegoods can claim origin in that country for South African minimum intermediate tariff purposes. The qualifying content has been changed from 25 per cent to 75 per cent. The effect of the changes on the issue of certificates of Hongkong origin is under consideration. The Belgian Congo has recently stipulated that a "Certificate of National Manufacture" is required in addition to the normal commercial documents for textile imports. The Hongkong General Chamber of Commerce has been accepted as a competent authority for issuing such certificates, and will do so in accordance with the regulations, which require a 50 per cent single country content as the basis of a claim to origin in that country, except for certain textile goods where stipulated processes carried out in the country are regarded as equivalent.

EXPORTS OF HONGKONG PRODUCTS (BY COMMODITIES)

Commodity	August 1958	Jan./Aug. 1958	Jan./Aug. 1957
	HK\$	HK\$	HK\$
Fish in airtight containers	122,515	1,109,857	1,382,260
Fruits, preserved	1,679,695	9,302,274	9,112,920
Jams and fruit jellies	—	240	1,807
Fruit juices, unfermented	11,510	190,721	263,650
Ginger, preserved	798,901	6,505,916	6,245,260
Non alcoholic beverages	105,397	719,439	741,413
Beer	8,200	43,232	4,289
Cigarettes	808,690	3,943,176	1,275,184
Iron ore	180,636	2,796,417	2,761,959
Tungsten ore	—	23,400	31,500
Seagrass	2,865	55,907	49,379
Lacquers and varnishes	181,158	1,791,860	2,005,351
Paints, enamels, and mastics	875,667	7,439,960	8,487,922
Cotton yarn	5,586,800	58,447,761	74,307,375
Cotton piecegoods	16,258,022	145,003,973	150,080,189
Cement	355,589	4,920,658	4,337,599
Vacuum flasks (glass liners only)	44,193	497,318	215,701
Iron and steel bars	334,563	4,053,143	6,783,228
Household utensils, enamelled	5,375,690	42,357,654	43,411,090
Household utensils, aluminium	597,046	4,613,617	5,843,115
Torch batteries	817,897	7,206,667	6,846,364
Torch bulbs	392,024	3,150,379	2,813,340
Electric torches	2,595,128	19,661,634	29,090,056
Lanterns, metal	776,771	8,400,431	11,280,705
Wood furniture and fixtures	840,905	6,447,598	6,348,955
Furniture of vegetable plaiting materials (bamboo, straw, willow, etc.)	1,137,575	15,811,316	18,196,880
Travel goods (trunks, suitcases, travelling bags, dressing cases, shopping bags, haversacks, packs and similar articles) of all materials	759,250	7,100,558	6,429,663
Handbags, wallets, purses and similar articles of all materials	339,845	3,634,812	4,735,525
Stockings and hose	692,098	7,149,593	9,407,403
Cotton singlets	2,272,145	20,993,192	25,445,917
Underwear and nightwear, knit or made of knitted fabrics (except cotton singlets and shirts)	1,414,999	23,861,177	19,254,162
Outerwear, knit or made of knitted fabrics ..	973,710	6,302,522	4,755,307
Underwear and nightwear, embroidered	244,116	1,820,120	3,264,139
Shirts	6,813,743	46,939,913	56,721,646
Outerwear, embroidered	546,478	4,519,673	6,273,039
Outerwear, other than knitted, not embroidered, n.e.s.	11,230,625	129,147,449	75,286,933
Clothing of rubberized, oiled and similar impermeable materials (including plastics)	551,291	6,771,602	7,928,932
Gloves and mittens of all materials (except rubber gloves)	6,695,260	38,014,749	40,034,574
Articles of clothing (e.g., handkerchiefs, shawls, etc.), embroidered, n.e.s.	1,162,530	5,432,491	3,681,259

Commodity	August 1958	Jan./Aug. 1958	Jan./Aug. 1957
	HK\$	HK\$	HK\$
Footwear	8,901,135	65,470,335	45,846,678
Mats	176,362	1,414,868	578,871
Umbrellas, parasols, walking sticks, and similar articles	529,652	6,543,203	7,731,164
Buttons and studs of all materials except those of precious metals	1,225,129	10,322,669	11,295,482
Plastic articles	1,006,704	6,937,472	7,264,351
Articles of basketware or of wickerwork, n.e.s.	952,657	7,334,260	6,824,544
Toys and games (including baby carriages, playing cards)	4,812,902	42,083,718	33,164,975
Vacuum flasks, complete	609,750	5,437,617	5,326,852
Total:	93,845,231	820,556,087	790,229,389

EXPORTS OF HONGKONG PRODUCTS (BY COUNTRIES)

Country	August 1958	Jan./Aug. 1958	Jan./Aug. 1957
	HK\$	HK\$	HK\$
British Commonwealth			
Aden	464,273	4,645,374	4,568,169
Australia	3,872,795	25,545,834	21,772,848
British Borneo	991,519	7,728,047	7,858,847
British East Africa	1,789,222	13,714,481	16,994,059
British Mediterranean Territories	211,640	2,834,487	4,372,741
British Oceania, n.e.s.	178,033	912,687	885,265
British West Africa, n.e.s.	1,463,356	8,539,490	13,597,587
British West Indies	1,921,139	11,836,343	10,891,521
Canada	2,205,036	19,221,651	14,791,239
Central African Federation	382,620	4,094,092	7,878,025
Ceylon	811,289	4,954,733	4,530,152
Fiji	290,107	2,422,458	1,147,713
India	51,493	409,915	1,807,407
Malaya	5,762,073	68,731,165	64,882,528
Mauritius	331,794	2,965,472	2,228,310
New Zealand	883,093	6,041,625	7,007,555
Nigeria	2,447,462	20,317,221	14,692,911
Pakistan	230,054	1,039,572	707,080
Union of South Africa	1,517,952	16,299,488	25,958,012
United Kingdom	24,402,460	212,583,782	178,825,697
British Commonwealth, n.e.s.	60,478	162,189	90,141
Asia			
Burma	296,833	3,085,320	10,656,052
Cambodia	81,518	2,289,433	4,808,641
China	259,529	561,430	2,765,974
Taiwan	73,194	666,778	1,791,263
Indonesia	3,038,562	38,648,524	70,229,353
Japan	438,018	4,802,625	4,615,546
Laos	750,038	5,905,276	9,161,091
Middle and Near East	461,211	3,890,442	4,579,818
North Korea	1,233,452	13,157,735	10,841,020
North Vietnam	—	148,486	28,211
Philippines	1,403,659	14,186,983	26,886,319
South Korea	18,292	2,332,781	577,844
South Vietnam	170,451	1,240,943	984,877
Thailand	2,726,863	26,590,073	28,435,422
Asia, n.e.s.	29,594	524,174	997,291
Europe			
Austria	8,474	53,169	4,604
Belgium	212,079	2,564,457	2,109,261
Denmark	236,614	1,846,657	2,151,408
France	211,109	2,123,983	2,764,760
West Germany	3,687,581	25,475,590	12,788,639
Italy	204,305	1,629,157	784,931
Netherlands	731,958	6,299,123	4,707,458
Norway	320,383	4,106,202	2,096,469
Sweden	1,133,918	8,481,088	5,047,517
Switzerland	77,774	1,157,769	491,884
Europe, n.e.s.	101,430	1,103,346	505,363
Africa			
Belgian Congo	472,801	4,344,154	8,613,960
Egypt	—	7,136	20,425
French Equatorial & West Africa	2,232,612	18,390,973	20,051,731
French North Africa	60,141	567,422	1,621,692
Madagascar	330,779	1,732,722	2,836,332
Africa, n.e.s.	941,497	9,881,143	16,152,359
America			
Argentina	30,443	210,738	43,846
Brazil	10,080	467,440	79,141
Central America, n.e.s.	1,367,351	11,330,387	14,006,565
Cuba	163,891	1,628,020	1,645,912
Haiti	156,848	1,136,287	549,107
Mexico	210,026	734,387	1,264,811
South America, n.e.s.	300,276	2,991,501	4,289,487
United States	17,157,187	138,881,005	82,927,924
Venezuela	964,521	7,060,242	5,752,211
Oceania			
United States Oceania	988,339	9,552,587	9,180,852
Oceania, n.e.s.	282,712	3,947,818	4,895,211
Total:	93,845,231	820,556,087	790,229,389

IMPORTS AND EXPORTS (BY COUNTRIES)

Country	August 1958	Jan/Aug 1958	Jan/Aug 1957	August 1958	Jan/Aug 1958	Jan/Aug 1957
IMPORTS			EXPORTS			
	HK\$ MILLION			HK\$ MILLION		
British Commonwealth						
Aden	—	0.06	0.23	0.66	6.11	6.53
Australia	11.03	65.46	76.05	6.75	49.62	38.61
British Borneo	3.80	23.00	32.67	3.17	26.20	26.34
British East Africa	4.26	38.67	36.42	2.12	16.27	21.13
British Mediterranean Territories	—	0.08	0.01	0.28	3.75	5.34
British Oceania, n.e.s.	0.70	2.04	1.37	0.31	1.62	1.59
British West Africa, n.e.s.	—	—	—	1.80	10.42	15.40
British West Indies	—	0.20	0.27	2.70	16.61	14.93
Canada	1.92	28.98	38.09	3.98	32.22	27.82
Central African Federation	0.82	3.39	2.05	0.56	6.20	10.91
Ceylon	0.66	3.69	3.89	1.60	10.31	9.57
Fiji	0.01	0.01	0.10	0.38	3.10	1.68
India	5.46	29.11	62.80	0.55	6.36	10.39
Malaya	6.20	71.43	67.82	22.31	248.63	246.32
Mauritius	—	5.59	0.09	0.46	4.12	3.28
New Zealand	0.23	1.80	3.45	1.67	12.07	11.00
Nigeria	—	0.02	—	3.04	24.53	17.13
Pakistan	1.24	25.34	70.62	0.44	2.85	2.57
Union of South Africa	2.33	34.45	27.20	2.23	21.48	30.89
United Kingdom	44.20	345.81	453.60	29.21	251.97	213.15
British Commonwealth, n.e.s.	0.01	0.03	0.18	0.08	0.23	0.14
Asia						
Burma	0.83	9.59	14.17	0.83	15.22	31.88
Cambodia	2.27	41.44	41.43	1.36	18.10	32.80
China	106.10	831.45	742.32	18.51	78.86	87.38
Taiwan	5.29	26.43	60.12	5.14	43.06	40.09
Indonesia	6.81	61.28	83.98	17.95	139.83	225.35
Japan	43.00	394.81	481.59	9.09	73.83	197.98
Laos	—	0.08	0.37	2.59	19.51	31.67
Macao	2.83	25.12	27.65	4.08	38.09	43.80
Middle and Near East	4.66	43.24	39.85	2.96	27.67	20.38
North Korea	—	0.03	—	—	0.04	—
North Vietnam	0.87	10.77	15.97	10.31	28.11	23.55
Philippines	0.67	5.53	16.64	2.85	35.44	47.38
South Korea	0.40	3.73	12.89	3.00	36.06	45.41
South Vietnam	0.05	3.80	3.59	1.63	12.54	24.27
Thailand	8.38	107.47	138.98	15.18	132.82	122.67
Asia, n.e.s.	—	—	0.01	0.08	0.90	1.36
Europe						
Austria	0.89	8.39	11.29	0.01	0.08	0.05
Belgium	2.91	33.07	93.35	1.67	12.69	10.42
Czechoslovakia	0.45	3.60	6.87	—	—	—
Denmark	0.88	7.80	5.36	0.39	3.26	3.48
East Europe, n.e.s.	0.35	3.16	3.71	—	—	—
France	2.83	19.75	27.78	1.17	6.63	10.45
West Germany	11.86	89.73	110.82	5.81	39.02	27.84
Italy	2.38	26.69	44.51	1.02	5.13	6.08
Netherlands	7.84	46.44	59.74	1.59	13.75	13.28
Norway	0.30	3.72	9.88	0.49	5.84	5.55
Sweden	1.03	13.84	20.08	1.72	11.75	6.91
Switzerland	6.50	91.66	128.45	0.26	2.83	2.09
U.S.S.R.	0.01	0.10	—	—	—	—
Europe, n.e.s.	1.03	5.55	9.18	0.24	3.41	1.86
Africa						
Belgian Congo	0.07	0.07	0.26	0.57	5.10	9.99
Egypt	—	0.03	10.51	—	0.08	0.20
French Equatorial & West Africa	—	0.01	—	2.31	23.30	22.30
French North Africa	—	0.01	0.01	0.12	0.94	1.99
Madagascar	0.01	0.31	0.06	0.53	2.53	3.51
Africa, n.e.s.	0.18	0.70	0.76	1.62	14.37	21.21
America						
Argentina	0.07	1.00	3.86	0.13	1.09	0.29
Brazil	0.08	4.45	15.82	0.01	0.60	0.67
Central America, n.e.s.	—	—	0.01	2.28	17.03	19.86
Cuba	1.72	4.32	0.10	0.32	2.81	3.38
Haiti	—	—	—	0.19	1.33	0.69
Mexico	0.01	0.09	—	0.32	1.40	1.76
South America, n.e.s.	0.01	0.75	1.34	0.58	6.07	6.83
United States	31.75	308.62	383.22	27.30	204.60	119.77
Venezuela	—	—	0.02	1.31	9.88	7.80

FAR EASTERN ECONOMIC REVIEW

Country	August 1958	Jan/Aug 1958	Jan/Aug 1957	August 1958	Jan/Aug 1958	Jan/Aug 1957
	IMPORTS			EXPORTS		
	HK\$ MILLION			HK\$ MILLION		
Oceania						
United States Oceania	0.01	0.08	0.07	2.05	19.61	20.30
Oceania, n.e.s.	0.06	0.26	0.36	0.43	7.39	8.23
Postal Packages	1.18	13.72	—	1.16	8.50	—
Total Merchandise	339.44	2,931.85	3,503.88	235.49	1,885.73	2,027.49
Total Gold and Specie	15.38	190.76	268.03	13.95	186.74	271.17
Grand Total	354.82	3,122.61	3,771.90	249.44	2,072.47	2,298.66

IMPORTS AND EXPORTS (BY COMMODITIES)

Commodity	August 1958	Jan/Aug 1958	Jan/Aug 1957	August 1958	Jan/Aug 1958	Jan/Aug 1957
	IMPORTS			EXPORTS		
	HK\$ MILLION			HK\$ MILLION		
Live animals	21.15	147.33	108.15	0.22	1.16	0.58
Meat and meat preparations	3.24	31.06	44.89	0.10	4.17	5.79
Dairy products	8.05	71.48	72.18	1.65	13.01	9.55
Fish and fish preparations	8.11	70.37	58.17	3.28	27.08	20.20
Cereals	15.96	211.54	210.23	1.40	33.41	29.15
Fruits and vegetables	17.35	146.47	152.81	9.17	77.19	82.89
Sugar and sugar preparations	10.26	51.80	61.73	2.64	29.62	38.42
Coffee, tea, cocoa and spices	4.72	31.82	38.61	1.10	13.18	19.17
Feeding stuffs for animals	0.29	3.94	6.30	0.23	1.68	1.64
Miscellaneous food preparations	2.30	22.87	25.14	2.23	18.48	20.98
Beverages	2.46	18.55	22.75	0.52	5.70	7.67
Tobacco and tobacco manufactures	6.69	50.43	48.69	1.48	8.68	6.59
Hides, skins and fur skins, undressed	0.24	4.39	10.53	0.16	4.08	8.13
Oil seeds and oil nuts	4.19	17.89	23.52	1.16	5.59	14.02
Crude rubber, including synthetic	2.22	11.96	12.07	0.28	1.51	1.36
Wood, lumber and cork	4.76	41.98	52.06	1.12	7.59	6.63
Pulp and waste paper	0.05	1.20	2.83	0.08	0.70	1.93
Textile fibres and waste	16.82	159.21	232.97	2.48	17.54	60.07
Crude fertilizers and crude minerals	0.66	6.43	6.83	0.37	3.21	3.08
Ores and metal scrap	1.38	5.58	56.55	3.08	25.68	83.47
Animal and vegetable crude materials	13.45	93.87	129.67	9.03	72.37	82.21
Mineral fuels, lubricants and related materials	13.88	132.62	147.90	0.36	2.77	4.19
Animal and vegetable oils* (not essential oils), fats, greases and derivatives	3.96	36.98	55.14	1.54	14.29	27.16
Chemical elements and compounds	4.36	30.86	37.27	1.09	11.98	13.63
Mineral tar and crude chemicals	—	0.51	0.32	—	0.02	0.15
Dyeing, tanning and colouring materials	3.00	34.59	35.24	3.04	33.47	31.85
Medicinal and pharmaceutical products	8.97	64.52	49.40	7.89	53.74	48.68
Perfume materials and cleansing preparations ..	3.58	27.04	30.54	1.46	11.71	16.90
Fertilizers, manufactured	1.37	11.14	5.82	3.13	12.75	6.50
Explosives and miscellaneous chemical products ..	8.37	55.96	55.52	5.74	19.96	13.20
Leather, leather manufactures and dressed furs ..	1.97	14.52	17.55	0.22	1.76	1.27
Rubber manufactures	1.58	9.07	9.52	1.09	3.72	3.34
Wood and cork manufactures (excluding furni- ture)	0.98	10.44	8.13	0.45	3.29	3.21
Paper, paperboard and manufactures thereof ..	8.10	70.98	93.97	2.84	25.20	35.35
Textile yarn, fabrics and made-up articles	50.34	461.19	586.66	55.00	434.24	472.21
Non-metallic mineral manufactures	6.94	63.02	64.72	2.68	23.95	29.05
Silver, platinum, gems and jewellery	5.25	65.34	63.76	2.90	21.66	19.12
Base metals	16.05	122.87	274.66	8.24	43.16	88.46
Manufactures of metals	4.78	42.71	48.61	10.62	80.64	81.80
Machinery other than electric	12.21	110.94	112.33	2.96	20.13	22.06
Electric machinery, apparatus and appliances ..	7.49	65.70	66.14	4.07	28.57	23.27
Transport equipment	5.50	56.73	78.76	1.15	27.26	24.65
Prefabricated buildings; plumbing, heating and lighting fittings	0.99	7.56	9.20	4.16	34.29	47.35
Furniture and fixtures	0.48	3.78	3.34	2.03	23.57	25.29
Travel goods	0.16	1.77	1.88	1.10	10.74	11.17
Clothing	4.57	35.52	34.90	40.38	338.36	283.21
Footwear	1.21	7.10	6.19	9.10	66.79	46.54
Scientific instruments; photographic & optical goods; watches and clocks	8.87	108.39	156.99	3.21	26.39	24.22
Miscellaneous manufactured articles	8.93	65.55	72.29	16.01	130.53	119.67
Postal packages, not classified according to kind ..	1.18	13.72	—	1.16	8.50	—
Live animals, not for food	0.03	0.56	0.45	0.10	0.67	0.45
Gold and specie	15.38	190.76	268.03	13.95	186.74	271.17
Grand Total	354.82	3,122.61	3,771.90	249.44	2,072.47	2,298.66

Hongkong

Notes and Reports

Cotton Delegation from Lancashire

The main event of this week is the arrival of the Cotton Delegation from Lancashire for discussions on a voluntary quota on Hongkong's textile exports to the United Kingdom. Hongkong's textile and allied industries are represented in the talks by a government-appointed 11-man delegation headed by Colonel J. D. Clague, Chairman of the Hongkong General Chamber of Commerce. The Lancashire mission consists of a 3-man team: Lord Rochdale, Chairman of the Cotton Board; Sir Cuthbert Clegg, Vice-President of the Cotton Manufacturers Association; and Mr. James Broatch, Director General of the Cotton Board.

During the past two weeks, leading local industrialists have voiced strong objection to any restriction on exports of cotton goods to the United Kingdom. If Hongkong is to limit exports of cotton goods to the United Kingdom, competition among local mills will further intensify thus forcing the wage scale still lower. The Lancashire people who complain of the low wages and long working hours of Hongkong textile workers do not realise the fact that many small factories here are operated by small family groups. The owner takes in as many relatives and dependants, including refugees, as possible in order to keep them from starving and they are all content to work long hours because it is the only alternative to being without any work or means of livelihood at all. If these small mills are forced out of business on account of the cut in exports to the United Kingdom, which is Hongkong's principal cotton goods market, more local workers will become unemployed.

Furthermore, restrictions on cotton goods exports are likely to establish precedents which would affect other branches of the local industry. The outcome of the negotiations will therefore have decisive influence on the future development of Hongkong's economy. Unfortunately, a complete veil of secrecy is likely to surround the talks as indicated by a Reuter's report from Manchester. A local English language newspaper, the Hongkong Standard, commented: "We take strong exception to this reported determination on the part of the Lancashire delegation to suppress legitimate information on their talks in Hongkong. The negotiations as well as the agreement reached are matters which affect the public interest and the result of the talks will inevitably have its repercussion on Hongkong's economy as a whole. Consequently, the public here has a right to be informed, and it is the duty of Hongkong newspapers to see that this right is not unilaterally and arbitrarily abridged. Furthermore, the textile industry and the negotiation team representing Hongkong must not adopt the dangerous procedure of entering into secret covenants, secretly negotiated."

"Hongkong's negotiating team, although formed with the help of the government, is ultimately responsible and answerable to the public of this Colony. It has no authority to enter into any secret negotiations or agreements which barter away a part of our right for freedom of trade. Whether the Lancashire delegation wishes to discuss the quota problem and the progress of the negotiations is strictly its own business. But it has no right to tell the local delegation what to do with regard to the handling of information which the public here is entitled to know. Unless the Lancashire delegation is thinking of establishing a news censorship in Hongkong, there is no way for it to make good its wish of placing a "complete veil of secrecy" around the talks. Hongkong newspapers will challenge any surreptitious censorship on news on the textiles talks, and they will hold Hongkong delegates individually and collectively responsible for any arrangements or attempts which lead to the suppression of information on the progress of the talks."

On the question of including cotton goods other than grey cloth in the talks, Hongkong Standard points out that if Lord Rochdale's group insists on discussing quotas for all textile

products the talks are doomed to almost certain failure. This is true because in the original memorandum agreed upon between Sir Frank Lee and the local delegation, made public on April 3, it was specifically stated that the quota discussion would be confined to "retained portion of grey cloth only and will not include bleached and finished piecegoods." It would be a serious breach of faith on the part of the UK delegation if it now insists on ignoring and violating the original understanding reached in April. Hongkong is prepared to discuss grey cloth and grey cloth only. The Hongkong delegation must base its negotiation on the basic points set down in the April 3 memorandum. That document is the local negotiating team's terms of reference and it has no licence to go beyond what was set down in that memorandum. In viewing the forthcoming talks as a whole, it is the opinion of this newspaper, that the local delegation is not obliged in any way to aid and abet the Lancashire delegation in its efforts to limit our textiles production and exports. The Lancashire group can succeed and receive the support of Hongkong only when it offers a square deal which will do the minimum of damage to the Hongkong economy. Such a deal must carry with it a demonstration of good faith and good will; it must be fair and above-board so that it can stand public examination and discussion.

The South China Morning Post commented in an editorial: "Lancashire cotton interests began their campaign against Hongkong's textile imports into Britain nearly four years ago—an operation which since has been intensified and become embittered. The Colony has for some time past been blamed for the existing unfortunate position of Britain's textile industry, i.e., the enforced closing down of mills because of "unfair competition" and a rising tide of unemployment in the affected factories. But only those who find it convenient for their own purposes are misled by this type of specious argument. Britain's textile industrialists have been training their big guns against Hongkong, not because our exports of grey cloth and made-up garments have wrecked, or, indeed, are gravely threatening the existence of the mills in the north of England, but because we have so far refused to join with India and Pakistan in a voluntary scheme to restrict textile imports into Britain. That is the crux of the dispute, and whenever any other arguments are introduced, such as "sweated labour" and overlong working hours, they do nothing but confuse the issue."

"We feel quite confident that Lord Rochdale and Sir Cuthbert Clegg, who are here to engage in consultations with our textile industrialists, appreciate that it is this which is the real bone of contention. The Colony can also fairly ask them to bear in mind that while a voluntary quota of textile exports to Britain on the part of India, and (to a slightly lesser degree) by Pakistan, will not seriously affect their industries, a similar self-imposed restriction would unquestionably have a deleterious impact on Hongkong. Lancashire's difficulties as a result of overseas competition are appreciated here. What we find hard to accept is the argument that any sort of restriction on our exports will materially assist Britain's textile industry to regain its once unchallenged supremacy either in the domestic or overseas markets. On the other hand any impediment, artificial or in consequence of world trading conditions, is bound to incur unhappy repercussions on the Colony's economy."

"This is a line of reasoning which the local community have long believed to be reasonable, and whatever sense of determination the distinguished representatives of the Cotton Board may possess to bring, for them, the discussions to a successful fruition, it will be as well if they realise the measure and strength of local public opinion on the subject. It would be incorrect to assume from this that Hongkong has a closed mind on the issue. But our vital interests—and some of them are vested in the textile industry—are not to be easily sacrificed. Lancashire, through the Cotton Board representatives, intends to ask Hongkong for something; can those spokesmen, in turn, offer any *quid pro quo*? And if they cannot, they must at least propose terms that will not jeopardise our industry. There is no objection to the talks being conducted in secret; we fail to see how else they could be carried out if they are to mean anything to either side. The Hongkong delegation is fully representative; can be trusted, not only to speak for the textile industry, but for the Colony generally. There is no question of the British delegates coming here to browbeat us into submission. We have our

case and assuredly it will be firmly, but correctly presented; we also have our interests which we can confidently predict will not be betrayed."

The Future of Hongkong

Prof. E. S. Kirby, head of the Department of Economics Hongkong University who recently returned from the United Nations Seminar on Regional Planning for Asia held in Tokyo, last week predicted that Hongkong would become one of the world's greatest slums in the near future if it continued to grow in its present manner without proper planning. On the other hand, he pointed out, Hongkong could be developed into one of the most magnificent and efficient cities in the world. He said *inter alia*: Hongkong's population will rocket to six million people in a comparatively near future. The city would then be a horrid case of traffic congestion and an extreme example of the worst effects of urbanisation. It would take a whole book to describe what Hongkong would be like in 1984 or sooner if something quite definite, determined and even spectacular is not done about it. Unless long term investments are made in Hongkong immediately the Colony will suffer a loss of confidence which may hasten the pressure towards political changes.

We must cultivate future-mindedness. Sir Patrick Abercrombie made a wonderful plan for Hongkong in 1945. It was considered too daring at the time. If it had been adopted it would have greatly eased the problems which Hongkong is going to have in the next decade. However, it is now out of date. We need a redraft which will meet the needs of some time further ahead. Such a scheme must be comprehensive, combining the economic, social and technical approaches. Greater attention to zoning is most essential. Appropriate areas should be set aside for industrial, residential and recreational purposes. Otherwise confusion and wastage would multiply.

The Colony's growing population cannot be crammed into the existing areas. Satellite towns have to be established in view of the natural increase of population of 90,000 a year and the steady influx of refugees from the mainland. We must evolve new architectural, town-planning and site-utilisation techniques for Hongkong's present city areas and for any new ones. The challenge is great and the possibilities are exciting. The slightest move now in the right direction will bring great future results.

Responsibilities of the Press

The Commissioner of Police, Mr. A. C. Maxwell, last week warned editors of local newspapers against publishing reports which they could not substantiate. He refuted reports published by three Chinese newspapers alleging that there might be social disturbances in Kowloon and Hongkong in October. Mr. Maxwell declared that the Hongkong Police Force is now stronger, better prepared and better equipped to deal with any threat to peace than it has ever been before. He also told local newspaper editors: "I am not going to try to tell you what to print or what not to print. That is entirely a matter for yourselves, your editors and publishers . . . and your consciences. Although I should perhaps remind you that it might become a matter for the law. I am concerned with the maintenance of peace and good order in Hongkong. The vast majority of the people of Hongkong are solidly behind me in wishing to see peace and good order maintained. At such a time as the present anything which is likely to arouse anger or create alarm is therefore a matter of concern to me. The spreading of rumours and false reports, the calling of names and exchange of abusive terms are all likely to heighten tensions and must be condemned by every man of goodwill."

"As an example, let me quote from an article in the Truth Daily, published on September 13th: 'Before or after October 1, the Communists may create certain incidents in order to cause social disturbances and uneasiness among local residents. As a result, they will be able to fish in troubled waters. . . . It should be observed that the Communists are highly skilled at creating incidents. They are quite capable of deliberately planning incidents as an excuse to smite the enemy, giving out that what is happening is that American-Chiang elements are attacking and provoking the Communist Party. Ultimately their sinister aim in doing this is to bring the population under totalitarianism.'

"This morning (September 15th), both the Ta Kung Pao and Wen Wei Pao devote the leading positions in their respective local news pages to a most sensational account of pre-October preparations which takes a point of view diametrically opposite to that of the Truth Daily. It will be sufficient if I quote the headlines. Those in the Ta Kung Pao read—'American-Chiang special agents prepare plot, plan big armed riot. Leaders of rioters have arrived; hand-grenades shipped to Hongkong from Taiwan. Rioters prepare imminent raid on barracks and Police Stations before attacking trade unions and schools, will also create incident on the border in an attempt to provoke a Sino-British clash.' The Wen Wei Pao headlines read—'Two hundred special agents arrive in Hongkong to make plans; bombs and firearms streaming in. American-Chiang agents settle on plans for bigger riot, prepare to raid trade unions, schools and other organisations, organise squad of rioters, decide to attack first Police Stations and barracks to seize weapons, to pose as Communist personnel to raid border area in an attempt to provoke Sino-British clash. Our brethren are closely watching American-Chiang conspiracy and what measures the British in Hongkong take.'

"The lengthy accounts which follow are almost character for character identical, in both newspapers. Some of you may wish to ask 'What is the truth of these allegations?' My reply is 'The first I ever heard of them was upon reading the newspapers concerned this morning.' But this I will say with all the force at my command. If the editors of these newspapers have genuine information to substantiate the allegations which they have published, it is their duty to communicate such information to me. If, on the other hand, they cannot substantiate their allegations, these should never have been published."

Tourist Trade

Last week, a number of hotels, restaurants and shops in Hongkong and Kowloon complained about the loss of business due to the sudden drop in the number of tourists visiting the Colony. A second class hotel on Nathan Road had only two of its 30 rooms occupied on Monday. A large Chinese restaurant next to the hotel claimed that its average daily business had dropped from \$10,000 to only \$5,000.

A local travel agent reported that he had seven cancellations of groups of 20/25 tourists during the past two weeks apparently on account of the tension over the Formosa Straits. He thinks that hotel competition here is getting stiff. Many hotels are providing free transportation and offering special discounts to tourists in order to attract more business.

It is difficult to tell at present how much the Quemoy crisis will affect Hongkong's tourist trade during the coming season. Some local agents have received many cancellations of tours already booked while others are not affected. One American tourist agency manager commented, "It is too early to say whether the Quemoy crisis is having any definite effect on Hongkong's tourist trade. Up to now we have only a few cancellations. They are all apparently delays." Another large agency operator said that most of the tours arranged by his firm were round-the-world trips scheduled for early 1959 and they had not been affected so far.

Actually, Hongkong has been undisturbed by the fighting in Formosa Straits. First class hotels such as the Peninsula and Repulse Bay are still fully booked many months ahead. Even the exchange rate of American Dollars and the price of gold have not been stimulated to any appreciable extent. The majority of local residents are confident that Peking will not take Hongkong by force at present.

Ship Building

The Hongkong and Whampoa Dock Company launched two ships recently. The *Giang Lee*, a motor vessel of 560 tons deadweight, was built for a Singapore shipping firm. It is a shelter-deck, single-screw vessel propelled by a diesel oil engine and has a bale capacity of 38,900 cubic feet. The other vessel, the *Ninikoria*, was built for the Government of the Gilbert and Ellice Islands Colony. The ship, of 145 dead-weight tons, is a steel twin screw, cargo and passenger vessel. It can accommodate 82 passengers and is fitted to make long voyages.

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

Sept.	U.S. \$			
	T.T. High	T.T. Low	Notes High	Notes Low
15	\$582	581½	580½	580
16	581⅝	581⅜	580¼	579⅞
17	582⅞	581⅝	580¾	580¼
18	582¼	581¾	580⅝	580⅜
19	582¼	582	580¾	580½
20	582¼	582	580⅝	580½

D.D. rates: High 581½ Low 580½.

Trading totals: T.T. US\$3,500,000; Notes cash US\$325,000, forward US\$1,560,000; D.D. US\$385,000. The market was quiet; speculators were waiting for further development of Quemoy crisis. In the T.T. sector, general importers and gold merchants provided strong demand. Funds from Japan, Korea, and South East Asia were abundant. In the Notes market, the volume of business also reduced. Interest favoured sellers and aggregated HK\$1.80 per US\$1,000, while positions taken by speculators averaged US\$ two million per day. In the D.D. sector, the market was active with an increase in the volume of oversea Chinese remittances just before the Mid-Autumn Festival.

The popularity of US dollar notes in this British Colony can be appreciated from a letter written by a local resident to the editor of an English language newspaper: "I observe with some alarm the growing tendency of retailers in Hongkong and Kowloon to quote their prices in US dollars. In fact one of our leading stores has just put out price lists showing both Hongkong and US dollar prices. The tenants of one of Hongkong's large buildings are also required by the landlord to pay their rent in US currency which, incidentally, I doubt could be legally enforced. However, the point is that Hongkong is not a possession of the United States, and while tourists may prefer to pay in US currency for their purchases, the practice of quoting everything in a foreign currency can only in the long run bring about a depreciation of our currency which currency withal, if we as residents of the Colony find it good enough for us, should also satisfy our visitors." This feeling is shared by exchange operators because their business depends partly on the conversion of US dollars to HK dollars by tourists after their arrival in the Colony.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.73—1.705, Japan 0.014575—0.0144125, Malaya 1.882—1.875, South Vietnam 0.0714—0.0699, Laos 0.05, Cambodia 0.08, Thailand 0.2724, Indonesia 0.0525—0.05, Sales: Pesos 360,000, Yen 62 million, Malayan \$350,000, Piastre 8 million, Kip 5 million, Rial 6 million, Baht 3 million, Rupiah 500,000. Chinese Exchange: People's Yuan notes quoted \$0.66—0.56

LAST WEEK'S SELLING RATES OF LOCAL EXCHANGE DEALERS

Country	Currency	Denomination	In HK\$	In US\$
America	Dollar	5-100	5.81	—
Australia	Pound	5 and 10	12.75	2.196
Britain	Pound	1 and 5	16.15	2.782
Burma	Kyat	10-100	0.54	0.093
Cambodia	Rial	all	0.082	0.01413
Canada	Dollar	5-100	5.91	1.018
Ceylon	Rupee	5-100	0.95	0.164
France	Franc	all	0.0128	0.002205
Hongkong	Dollar	all	—	0.17241
India	Rupee	all	1.185	0.204
Indonesia	Rupiah	all	0.055	0.00947
Japan	Yen	100-5000	0.0149	0.002567
Laos	Kip	all	0.052	0.00896
Macao	Pataca	all	1.01	0.174
New Zealand	Pound	1-10	14.10	2.429
Pakistan	Rupee	100	0.77	0.133
Philippines	Peso	5-100	1.73	0.298
Singapore	Dollar	5-100	1.85	0.319
South Africa	Pound	all	15.80	2.717
Switzerland	Franc	all	1.37	0.236
Taiwan	Dollar	5 and 10	0.136	0.02343
Thailand	Baht	10-100	0.27	0.04651
South Vietnam	Piastre	all	0.073	0.01257

per Yuan; the volume of business transacted was insignificant. Taiwan Dollar notes quoted \$0.1345—0.1335 per Dollar, and remittances, 0.133—0.132.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 16.10—16.05, Scotland 14.80, Ireland 13.50, Australia 12.60—12.59, New Zealand 14.02, Egypt 10.03, East Africa 15.15, South Africa 15.75, West Africa 13.00, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 1.1774, Pakistan 0.76, Ceylon 0.91—0.89, Burma 0.52, Malaya 1.855—1.843, Canada 5.90—5.89, Cuba 5.00, Argentina 0.12, Brazil 0.035, Peru 0.24, Mexico 0.40, Philippines 1.70—1.6875, Switzerland 1.335, West Germany 1.365, Italy 0.00905, Belgium 0.107, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.0126—0.01255, South Vietnam 0.0715—0.071, Laos 0.05—0.049, Cambodia 0.0805—0.06, New Guinea 1.10, Indonesia 0.055—0.05, Thailand 0.267—0.2645, Macao 0.996—0.995, Japan 0.0149—0.01467.

Gold Market

Sept.	High .945	Low .945	Macao .99
15	\$253⅝	253¼	Low 264⅜
16	253½	253⅞	
17	253½	253¼	
18	253½	253¼	
19	253½	253¼	
20	253¾	253⅝	

Opening and closing prices were 253½ and 253⅝; highest and lowest, 253¾ and 253¼. The market was very quiet. Change over interest favoured sellers and aggregated HK\$0.50 per 10 taels of .945 fine. Tradings averaged 5,500 taels per day and amounted to 33,000 taels for the week, in which 11,250 taels were cash dealings (250 taels listed and 11,000

taels arranged). Imports from Macao totalled 10,500 taels; 35,200 fine ounces arrived there during the week. Exports amounted to 11,000 taels (7,000 taels to Singapore, 2,000 taels to Bangkok, 1,000 taels to Saigon, and 1,000 taels to India). Differences paid for local and Macao .99 fine were HK\$12.20 and 11.50—11.20 respectively per tael of .945 fine. Cross rates were US\$38.05—38.04 per fine ounce and 9,600 fine ounces were contracted at 38.04 cif Macao. US double eagle old and new coins quoted \$262 and 239 respectively per coin, English Sovereigns \$59 per coin, and Mexican gold coins \$290 per coin.

Silver Market: The market was slightly better on revived exports; 1,000 taels of bar silver traded at \$5.60 per tael, and 2,000 dollar coins at \$3.61 per tael. Twenty-cent silver coins quoted \$2.75 per five coins.

HONGKONG SHARE MARKET

The market was active throughout last week with prices moving within a narrow limit. Turnover on Monday was \$875,000, Tuesday \$267,000, Wednesday \$304,000, Thursday \$566,000 and on Friday \$578,000. Trading in Banks, Docks, Lands, Hotels and Utilities accounted for the bulk portion of the business. With the exceptions of Star Ferries and Lights, other shares closed steady to firm on Friday.

HK Banks were very steady throughout the week; 152 shares were transacted at \$755 after an initial price difference of \$10 between \$747.50b and \$757.50s. Docks had 2,300 shares traded at prices which steadily firmed from \$43 to \$43.50. Lands retained strong demand throughout the week; 9,500 shares changed hands

Share	Sept. 12	Highest	Last Week's Rate Lowest	Closing	Up & Down	Dividend	Estimated Yield (%)
HK Bank	750	757.50s	747.50b	755	+85	\$45	5.96
Union Ins	73	74	73b	73.50	+50c	\$3.40	4.63
Lombard	28n	28s	28b	28s	steady	\$2	7.14
Wheelock	5.80	5.95	5.85	5.80b	firm	75c	12.93
International							
Investment ..	5.15	5.20n	5.10b	5.20n	+5c	65c	12.50
Allied Inv	4b	4.05	4b	4.025b	+2½c	25c	6.21
HK & FE Inv	9.80n	9.80n	9.80n	9.80n	steady	80c	8.16
HK Wharf	100s	100s	99	99	steady	\$9	9.09
HK Dock	42.75	43.50	43	43.50	+75c	\$2	4.60
Provident	11.30b	11.50	11.40	11.50	+20c	\$1	8.69
HK Land	30.75	31.25	31	31	+25c	\$2.40	7.74
Realty	1.375	1.375	1.35b	1.35b	steady	15c	11.11
Hotel	20.30	21.20	20.50	20.90	+60c	\$1.50	7.18
Star Ferry	110s	110	109	109a	—\$1	\$9	8.26
Yaumatis	93.50b	94.50	93.50	94	+50c	\$7.50	7.98
Trams	24.90	25.40	25	25	+10c	\$1.90	7.60
Light	17.20	17.40	17	17	—20c	\$1.10	6.47
Electric	24.90	25.60	25.10	25.40	+50c	\$1.90	7.48
Telephone	25.70 X-Rts	24	25.90	X-Rts 23.90	+70c	\$3	6.28
Cement	21	22	21.20	22	+81	\$8	13.63
Dairy Farm	17.10	17.50	17.30	17.30	+20c	\$1.775	10.26
Watson	10.60b	11.20	10.70	10.80b	+20c	\$1	9.26
Amal Rubber	1.60	1.675	1.625	1.65	+5c	20c	12.12
Textile	3.70s	3.75s	3.675	3.75s	+5c	60c	16.00
Nanyang	6.85	6.90	6.85	6.90	+5c	\$1.10	15.94

at prices ranging from \$31 to \$31.25. Hotels firmed from \$20.50 to \$21.20 but closed fractionally lower at \$20.90; 19,000 shares were absorbed by keen buyers.

Among utility shares, Star Ferries registered a record turnover of 130 shares. Yaumatis had 2,600 shares transacted mostly at \$94. Trams closed 10 cents better than the closing rate of the preceding week but 40 cents below the week's highest; 15,000 shares traded. Lights were fractionally lower at the close on Friday after 13,000 shares changed hands mostly at \$17.30 and \$17.40. Electrics gained 50 cents during the week; most of the 8,000 shares transacted were concluded between \$25.40 and \$25.60. Telephones made

the most impressive gain among Utilities; closing price on Friday at \$23.90 X-Rts represented an increase of 70 cents over the closing rate of the preceding week.

Dairy Farm's interim dividend at 52½ cents is 2½ cents lower than that for 1957 but closing rate on Friday was still 20 cents higher than that of the preceding week. Watsons also gained 20 cents. Even Cement and Cottons registered slight gains during the week.

Dividends—The Dairy Farm, Ice and Cold Storage Company's interim dividend for 1958 is 52½ cents per share. The Douglas Steamship Company's dividend for 1957 is \$40 per share.

HONGKONG TRADE REPORTS

The Royal Navy here last week issued a general warning to all British ships advising them to keep clear of the Formosa Straits. The full text of the Admiralty's warning reads: "In view of the present situation in the area of the Formosa Straits, all merchant ships are advised to keep clear of the sea area between the west coast of Taiwan and the China Coast, and from latitudes 23 degrees north to 26 degrees 30 minutes north."

Trading in the local commodity market was not affected by the fighting in Formosa Straits. Most traders here are no longer disturbed by the Quemoy crisis. What worries local industrialists and businessmen is the forthcoming cotton talks between Lancashire delegation and local representatives. If restrictions are imposed on exports of cotton goods to UK, voluntarily or arbitrarily, it will be the beginning of the end of free trade in Hongkong.

IMPORTS & EXPORTS

Trade with China—China shipped several consignments of light-weight woollen piecegoods to Hongkong and

dumped them on the local market at prices much cheaper than similar Japanese goods. Peking trade agents here claim that Chinese woollen textiles are made of 100 per cent wool while Japanese goods are made of wool and synthetic fibres. Local consumers, however, find the quality of Japanese woollen textiles much better than that of mainland Chinese products. Tailors handling mail-order business from the United States use only British woollen textiles while first class tailor shops order their own supply from Britain.

Imports of produce such as oilseeds and oils from China remained insignificant. Chinese trade officials also curtailed consignments of cement, paper, chemicals and other industrial supplies to the local market possibly because they are accumulating a large stock to attract buyers to the forthcoming trade fair in Canton. Imports of rice, live hogs, poultry, canned food, frozen meat, fruits and other foodstuffs from China, however, remained heavy and regular throughout the week.

China's purchases of metals and other essentials from the local market were very

quiet. There has been a lot of rescheduling of purchasing plans recently in China on account of the shifting of the control of local industries from Peking to local authorities.

Trade with the United Kingdom—Local cotton goods manufacturers are deeply concerned about the forthcoming talks with the Cotton Delegation from Lancashire. They maintain that a "voluntary" restriction on exports to UK can in no way benefit Hongkong. They are alarmed by the news that Lancashire representatives will not only fix a quota on grey cloth exports but also demand restrictions on shipments of other cotton goods to UK. On the other hand, a Reuter report from Manchester last week indicates that Lancashire traders have lately been expressing "alarm" at the possibility of a pact being secured affecting grey cloth only. They believe that under the circumstances, Hongkong mill owners will shift the emphasis of exports to finished goods and garments. Evidently there is a wide gap between the anticipation of Hongkong industrialists and the dream of Lancashire people. The representatives of both sides must therefore find a way to bridge the difference before any agreement can be reached in the forthcoming cotton talks.

Meanwhile, exports of cotton textiles, rubber shoes, metalware, plastics, sawn timber, rosin, ginger and other produce to UK remained steady and amounted to about 6,000 tons last week. Imports of base metals and other industrial supplies as well as provisions and other consumer goods were comparatively slower during the week; large shipments, however, are scheduled to arrive before the end of this month.

Trade with the United States—More orders reached here from US for ginger, ham, plastics, rattan and hardwood furniture, firecrackers, ginger, frozen prawns, metalware, shirts and garments. To further stimulate exports to US, local manufacturers have decided to participate in the International Trade Fair to be held in Texas from October 4th to 19th.

Imports of industrial supplies and equipment, domestic appliances and consumer goods from US are very active at present but the volume this year is not as impressive as during this time last year because re-exports to Taiwan, Korea and other markets remain sluggish. Imports of pharmaceuticals consist chiefly of fine chemicals.

Trade with Latin America—An official mission sponsored by the Commerce and Industry Department will visit Latin American countries before the end of this year. The mission will be led by Mr. Kwok Chan and the other members will be Mr. P. V. Botelho of A. G. Botelho & Company and Mr. T. D. Sorby, Assistant Director of Commerce and Industry Department. Countries which the mission will visit include Cuba, Haiti, the Dominican Republic, Venezuela, Panama, Costa Rica, Nicaragua, El Salvador and Honduras. Mr. Sorby will also visit Jamaica, Trinidad and British Guiana.

Trade with Thailand—Over 3,000 tons of rice and large consignments of groundnut oil, sesame, hide, rattan and other staples arrived from Bangkok during the week. Exports totalled only about 2,000 tons, much below the volume at this time last year. New orders from Bangkok covered only small quantities of metals, paper, seafood, cotton goods, enamelware and other HK manufactures.

Local dealers reported that low purchasing power in Thailand had recently discouraged Bangkok importers from booking too much supplies from here and other sources. The market there appears to be over-stocked with commodities.

Trade with Indonesia—Exports to Djakarta were still limited to small lots of cotton textiles, pharmaceuticals, and other essentials. Authorities there cut imports to a minimum on account of the steady drop in foreign exchange reserve. The drop of exchange rate for rupiahs also made imports from Hongkong and other sources too expensive in Indonesian markets while on the other hand purchasing power there remained weak. Meanwhile, China sent large quantities of light industrial products to Indonesian markets direct and/or via Singapore and Malaya by granting easy credit terms to Singapore merchants.

Trade with Malaya—Exports to Singapore and Malaya continued active and amounted to about 4,000 tons but the volume is much less than that at this time last year just before the Mid-Autumn Festival. Importers in Singapore and Malaya are buying most of the Chinese foodstuffs and other products direct from China. Orders reached here covered mostly Hongkong manufactured wheat flour, cement, garments and cotton goods.

Local garment makers are anticipating a gradual decline in demand from Singapore and Malaya for ladies' and children's garments in the near future because a M\$200,000 garment factory will soon be built in Singapore to make ladies' and children's dresses at prices estimated to be about 20 per cent cheaper than similar goods from Hongkong.

Trade with the Philippines—The lack of adequate supply of foreign exchange in Manila forced importers there to restrict purchases from here to insignificant lots of red beans, pharmaceuticals, vermicelli, hurricane lanterns, dyestuffs and cotton goods. Exports last week amounted to only about 200 tons.

Trade with Taiwan—Taiwan is also short of foreign exchange for its imports. Traders there are therefore augmenting exports to earn more foreign exchange. The China Productivity Center in Taipei, an organization promoting industrial development in Taiwan, has published a catalog entitled "The Taiwan Buyer's Guide" listing all manufacturers in Taiwan. This handbook will be useful to those who are interested in Taiwan products.

Trade with Burma—Rangoon's purchases from here were limited to small quantities of electric appliances, china-ware, towel, garments, cosmetics, paints, wheat flour, stationery and sundries. There were also enquiries for police uniform and sugar from Rangoon during

the week. A number of local garment factories which have submitted tenders for the supply of uniform to the Police Supply Department in Rangoon are confident that they will get the business. Local dealers have also submitted tenders to Rangoon for the supply of sugar but the result is not yet known.

Trade with Africa—Exports to Africa were very quiet; only a few hundred tons of metalware, cotton textiles, towel, enamelware and other HK manufactures to West Africa and insignificant lots of children's garments, plastics, cotton textiles, metalware and matches to East and South Africa. Exports of Hongkong manufactures to Africa are steadily declining on account of the keen competition from Chinese products in African markets.

COMMODITY MARKETS

Produce—Limited supply of produce from China continued to restrict the volume of business in the local market. Prices were firm in general because demand from Japan, UK, Europe, Australia and other sources was keen although interest was centred on a small number of popular items including maize, sesame, cassia, aniseed star, ginger oil, cassia oil, spearmint oil, woodoil, soya bean, citronella oil and feathers. Most transactions covered produce of Cambodian and Thai origins.

Metals—Local consumption of base metals and structural steels was kept on a normal level but exports to China and SE Asia were quiet. China enquired for steel plates and galvanized iron sheet but did not make any purchase. Demand from SE Asia, chiefly for Thailand, covered only galvanized iron pipe and structural steels. Japan was interested in scrap metals but low buying offers handicapped transactions. Prices were steady to firm on account of the high replenishment cost.

Paper—Orders for small quantities of newspaper, poster, manifold, greaseproof and aluminum foil arrived from Bangkok during the week but demand from other SE Asian countries and Korea remained quiet. Steady local demand for packing, printing and writing paper, however, kept prices firm. Supply of newspaper, manifold, bond and other items from China was still restricted.

Industrial Chemicals—China enquired for acetic acid and carbolic acid from the local market but no order was concluded towards the end of last week. Supply of Chinese products such as caustic soda, lithopone, potassium carbonate, soda ash, sodium sulphide was not as abundant as during the past few months. Prices, however, registered no gains because local consumption of these items was not heavy enough to stimulate prices. Exports to SE Asia remained quiet.

Pharmaceuticals—Taiwan, Indonesia, Cambodia, Singapore, Malaya and the Philippines provided selective demand for lysol, phenacetin, saccharum lactose, amidopyrin, vitamin B2 and urea. The volume of these purchases was very small because spot goods on the market was scarce. Local dealers do not keep large stock because demand from these sources is still very irregular and uncertain.

Cotton Yarn—The market last week was not as active as during the first half of this month. Imported brands were all very quiet. Hongkong brands continued firm on steady local demand and orders from Indonesia. Local mills did not get the order from Bangkok for 7,000 bales of cotton yarn; tenders for the supply of the yarn had been submitted by local mills last month but the order went to China.

Cotton Piecegoods—The spot market was very quiet. Hongkong brands retained firm prices because most large weavers have enough orders on hand at present to keep their looms humming for the next three or four months. Chinese grey sheeting and drills were weak while Japanese brands were barely steady.

Rice—The market was quiet but prices steady. Bangkok quotations firmed but failed to stimulate local prices because stock here was adequate while imports from China, Cambodia and other sources were abundant.

Wheat Flour—Demand from local moon-cake makers was strong with the approach of the Mid-Autumn Festival. Local brands were also favoured by Burma, Cambodia, Singapore and Malaya; prices improved considerably during the week especially those for brands made of Canadian wheat. Imported brands also advanced in sympathy with local products.

Sugar—The market was kept active by improved local demand and enquiries from Burma for 3,000 tons of Taiwan sugar. Prices, however, remained low on account of keen competition between Chinese and Formosan products and the steady arrival of supplies from various sources. If the tenders submitted by local dealers to Rangoon are under-bid by other suppliers, prices here will further ease because supply far exceeds demand at present in the local market.

Cement—Prices in the local market improved on steady demand from North Borneo, Singapore, Malaya and Macao. Local consumption remained normal. Imports from China last week were not as heavy as during the past few months.

NEW COMPANIES IN HONGKONG

Following new companies were incorporated during the month of July, 1958 (all capital is nominal and in Hongkong Dollars):—

H. J. Searle (Hongkong) Ltd.—Importers & exporters; Capital, 1,000; 701 Alexandra House, Hongkong; Subscribers: Herbert Rees Baker, Hongkong Club, Hongkong, chartered secretary; Frederick Zimmermann, 126 Blue Pool Road, Hongkong solicitor. **Po Wah Land Investment Co. Ltd.**—Capital, 200,000; 155, Queen's Road West, Hongkong; Subscribers: Yip Pak Cheung, 155 Queen's Road West, Hongkong, merchant; Yu Wing Yip, 162 Johnston Road, Hongkong, merchant.

MINORITIES IN CHINA (Continued from page 388)

The strength of local nationalism in Tibet has been illustrated principally by the decision of the Chinese Communist authorities in mid-1957 to postpone "democratic reforms" in Tibet until after the end of the second Five Year Plan, in view of "the opposition of a majority of the people in the upper classes of Tibet"; as a result of this decision the Preparatory Committee which was set up in 1956 to establish Tibet as an autonomous region sent a very high proportion of its Han cadres back into the interior of Communist China. Various large economic projects which had been scheduled for construction were cancelled, and the Chinese Communist authorities have since appeared to be exercising considerable caution about interfering in Tibet's internal affairs, while at the same time seeking to expand their influence through extensive propaganda, especially through the Tibet branch of the Chinese Buddhist Association. This branch was set up in 1956 in order to overcome the opposition of the Tibetan monks to "socialist" reform. On May 23 this year, the anniversary of the "liberation" of Tibet, the Dalai Lama sent a message to Mao Tse-tung promising further efforts to oppose local nationalism and strengthen unity between the Han and Tibetan peoples.

Reports in the Tibetan press late last year and early this year indicated that the Chinese Communist Party organization in Tibet was endeavouring to indoctrinate Tibetan cadres against "local nationalism"; both local nationalism and "great Han nationalism" were referred to as being "disastrous" for the construction of a "new Tibet." There were indications that the Tibetan Communist Party members and supporters strongly resented the tendency of Han Chinese to look down on the Tibetans and to regard Tibet as a backward area. Both Tibetans and Hans were unwilling to help each other and learn from each other; the Han cadres were reluctant to learn the Tibetan language and were not anxious to stay in Tibet because of its backwardness and the danger that they would miss promotion.

The departure of many of the Han Chinese cadres from Tibet, following on the decision to postpone reforms in this area, evidently encouraged local nationalism. The Chinese Communist press in Tibet warned in August 1957 that if any counter-revolutionary elements in Tibet engaged in sabotage or rebellious activities after the departure of the Han Chinese cadres, the Chinese Communist armed forces in Tibet would act resolutely against them. Despite this warning it must have appeared to many Tibetans that the Chinese were making a partial retreat since it was announced that from then on all affairs of a local nature in Tibet were to be managed by the Tibetans themselves; the Han Chinese were no longer to "monopolize" things or "do things on behalf of the Tibetans." About this time it was announced that over 90% of the personnel in the departments under the Preparatory Committee for the Autonomous Region of Tibet would be Tibetans.

In October 1957 a speech by the deputy secretary of the Chinese Communist Party's Work Committee in Tibet explained the reliance of the Chinese Communist Party on the Tibet branch of the China-Buddhist Association as a body for indoctrinating the Buddhist monks. He indicated that through this organization monks were to be won over by patient education to the idea of "socialist" reform. He declared: "In order to better implement the policy of religious freedom it is the duty of the Tibetan Buddhist Association to transmit regularly and propagate to the Buddhists, the policies, laws and decrees of the Party and government, organize them to engage in study and positively take part in the anti-imperialist and patriotic campaign and the campaign for defending world

peace as well as in various construction undertakings. At the same time it is also duty-bound to report to the Dalai Lama, the Panchen Erdeni,* the Preparatory Committee for the Tibet Autonomous Region and the Chinese Communist Party's Tibet Work Committee on the proper opinions and lawful demands of the broad masses of the monks so that the leadership can in a comprehensive manner better understand the traditions of Buddhist circles in Tibet and assist the Buddhists in their march forward."

At a meeting of the Tibet Work Committee of the Chinese Communist Party about this time it had been explained that the Party in Tibet was proceeding cautiously in view of the strength of traditional religious feelings: "Almost all the people of the Tibetan nationality believe in Buddha. This is a reason why our Party must adopt a prudent attitude in Tibet and show an earnest respect for the freedom of religious belief of the Tibetan people."

Inner Mongolia: Ulanfu, the first secretary of the Chinese Communist Party's Committee for the Inner Mongolian Autonomous Region, stated in May that an ideological struggle was being carried out in Inner Mongolia, directed among other things against local nationalism. He gave few details about this conflict with local nationalism but an Inner Mongolian press report dated late May indicated that local nationalism in this area was taking forms very similar to those which it had manifested in Sinkiang. There were local nationalist demands to organize a Mongol Communist Party as distinct from the Chinese Communist Party and complaints that a Communist Party with a majority of Han Chinese could not represent the interests of the Mongols and that Han Chinese Party leaders did not understand the Mongol people.

A lengthy report on local nationalism in Inner Mongolia had been delivered by Ulanfu in February at a local party congress. Ulanfu declared that there had been a renewed growth of local nationalism in Inner Mongolia when the "rightists" had attacked the Chinese Communist Party in major Chinese centres last year. Local nationalism had since become the main danger in the area and had to be resolutely opposed and criticized; it existed to a considerable extent among the educated people and officials of Mongol nationality. Mongol nationalists wished to have Inner Mongolia divided into Mongolian and Han areas or else demanded separation from Communist China; moreover, they were opposed to the use of the Han language in Inner Mongolia. The report claimed that historically, geographically, economically, politically and culturally Inner Mongolia was an integral part of China. The Chinese Communist Party had a mission to liberate the various minority races by developing their political, economic and cultural life, "so that they may be admitted into the ranks of the socialist nationalities." Against the local nationalist complaint that the Han Chinese in Inner Mongolia were outnumbering Mongols from 7 to 1, Ulanfu declared that the large number of Han Chinese in the region was "a good thing" for the area because they were diversifying the economy. A report in an Inner Mongolian newspaper dated November 1957 also sought to explain the advantages of having a large Han Chinese population in the region. This report claimed that although Mongol nationalists were opposed to the continual influx of Han into the region, this migration was necessary for its economic advancement. There was a shortage of manpower in the region but there were over 30 million mow of land waiting for reclamation and extensive mineral resources requiring exploitation.

* Communist-sponsored rival to the Dalai Lama.

This article referred to the Mongols' fear of being assimilated if more migrants continued to come into the region but claimed that this apprehension was due simply to insufficient understanding of the Party's nationalities policy and insufficient confidence in the Party's leadership. This article did not deny the implication that the ratio of Mongols to Han Chinese would continue to decline, indeed acknowledged that this was "unavoidable."

* * *

Many natural factors tend to perpetuate historical frictions between the Han Chinese on the one hand and the Turkic, Tibetan and Mongol minorities on the other. The Han Chinese are more advanced and industrious than these minority races and have long encroached on their territories and claimed suzerainty over them. The Chinese agricultural economy has tended to expand into Inner Mongolia and Sinkiang at the expense of the more primitive economy of the local inhabitants.

The natural antipathies and clashes of interest between the Han Chinese and these minority races have evidently been aggravated by the imposition of the Chinese Communist system on these peoples, which has been accompanied by increased Han Chinese colonization, pressure to accept the Chinese language, and, over the past few years, the introduction of unwelcome socializing measures. The bulk of the Turkic, Mongol and Tibetan peoples regard the Communist system as a mechanism of Han Chinese control, and feel little attraction for Communism as such; there have certainly been no indications that their "local nationalists" have been seeking any type of "national" communism. This is understandable, because Chinese Communist authority was established in these minority areas not by the influence of pro-Communist minority movements but by the power of the (Han) Chinese Communist Army. Sinkiang passed from loose KMT control into domination by the Chinese Communist armed forces, most of Inner Mongolia was seized by the Chinese Communist Army as the Japanese retreated after the end of the second World War, and Tibet was conquered by the Chinese Communist army in 1950/1.

It is possible that local nationalists in Sinkiang and to a lesser extent in Inner Mongolia have been animated by a desire to exchange Han Chinese for Russian control. There are strong affinities between the Turkic peoples of Sinkiang and those across the border in the adjacent Soviet Republics, and there is a strong affinity between the Mongols of Inner Mongolia and those of the USSR's satellite Mongolian Republic. Moreover, the Soviet Union's administrative arrangements for its minorities give them a higher status than those in the Chinese Communist system, since in the USSR the minorities have, in theory, their own Republics in a nominally federal state, whereas in Communist China the highest level autonomous areas for minorities have an administrative status equivalent only to the provincial level. It is believed that in Sinkiang the USSR was making use of the attraction exerted by its own adjacent Republics to cultivate the sympathies of the Turkic peoples between 1950 and 1954, when Soviet advisers and technicians were participating in the exploitation of the province's mineral resources, under the aegis of Sino-Soviet joint stock companies. In 1954, however, the Chinese Communists acquired the Soviet share of these companies, although originally these were to have lasted 30 years, and most of the Soviet personnel presumably departed; the province was later given its present status as an autonomous region, and this may well have been intended to conciliate nationalist feelings roused by Russian influence. The persistence of such feelings could explain current agitation in Sinkiang for status as a separate republic under (presumably)

Soviet patronage, and it is possible that demands for such status are being partly sustained by propaganda from Soviet Central Asia extolling the achievements of the Moslem Republics in this area, although such propaganda appears to be primarily directed at the Moslem countries of the Near and Middle East.

It seems unlikely that the campaigns now being directed against "local nationalism" in the three major minority areas will be very effective, and that, on the contrary, the nationalism may increase, especially in Sinkiang. In Sinkiang and Inner Mongolia, and to a lesser degree in Tibet, the campaigns are to involve strong measures against "local nationalists," and these will undoubtedly tend to provoke those who merely have "tendencies" towards local nationalism, who form a separate category, and who are evidently in the majority; the provocations given by harsh actions against the local nationalists will probably offset the persuasive propaganda directed to the persons in this second category. Moreover, in Sinkiang and Inner Mongolia the campaigns against local nationalism are to be accompanied by a continued application of socializing measures, and Han Chinese penetration, for colonization and industrial development, is to continue. Finally, in Sinkiang, Inner Mongolia and Tibet the campaigns against local nationalism will clearly be very much obstructed by the local ill-will engendered by some eight years of Han control.

In Tibet, meanwhile, the apparent retreat of the Han Chinese since last year, in recognition of the opposition from the upper classes, including the monks, will also make it difficult for the Han Chinese to wage an effective campaign against local nationalism, since the weakening of their authority has been a stimulus to this nationalism.

A further resurgence of local nationalism in the three main minority regions would not affect the stability of the Chinese Communist regime, since these minority peoples are small in number and rather backward, but fairly serious economic consequences might result from an aggravation of nationalism in Inner Mongolia and Sinkiang; and further opposition in Tibet could impair the regime's relations with India. The regime is endeavouring to expand food production and the exploitation of mineral resources in Inner Mongolia, and it is seeking to transform Sinkiang into a major cotton-producing area and a base for the steel, coal, non-ferrous metals, textile and sugar industries. Such planned development could be seriously obstructed if local opposition to the Han Chinese became intense, and at the same time the safety of the regime's long communication links in these regions would be jeopardised. These links, which are being expanded, are intended to bring the two regions into closer contact with the remainder of the regime's territory, and to furnish more direct routes into the USSR.

The question of Indian reactions to happenings in Tibet is a major consideration for the Chinese Communists and may have been responsible for the postponement of "reforms" in this area. The Chinese Communist authorities have endeavoured to restrict traditional contacts between Nepal and Tibet, and have endeavoured to seal Tibet's frontiers with India, but reports of Tibetan opposition to Han Chinese rule have been coming through into India over the past few years, resulting in unfavourable publicity for the Chinese Communist regime. The Indian Premier, Nehru, is scheduled to visit Tibet in September, in response to an invitation by the Dalai Lama which was not authorized by the Chinese Communists, and according to reports from Calcutta harsh measures are being undertaken in Tibet in order to ensure that no open opposition to the presence of Chinese Communist troops will be in evidence.

HONGKONG'S TRADING PARTNERS IN 1957

PART X

MIDDLE AND NEAR EAST COUNTRIES

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Fish and fish preparations	4,000	640
Cereals and cereal preparations . . .	—	1,228,066
Fruits and vegetables	518,626	109,928
Sugar and sugar preparations . . .	—	344,028
Coffee, tea, cocoa, spices and manufactures thereof	15,723	941,019
Feeding stuffs for animals (not including unmilled cereals) . . .	47,040	—
Miscellaneous food preparations . . .	—	188
Hides, skins and fur skins, undressed	—	284,649
Oil-seeds, oil nuts and oil kernels . .	—	52,080
Wood, lumber and cork	—	60,792
Textile fibres and waste	565,193	236,498
Animal & vegetable crude materials, inedible, n.e.s. . . .	213,400	156,082
Mineral fuels, lubricants and related materials	42,307,348	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives	5,840	6,479
Chemical elements and com- pounds	—	20,808
Dyeing, tanning and colouring materials	—	114,892
Medicinal and pharmaceutical products	—	979
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	62,866
Explosives and miscellaneous chemical materials and pro- ducts	—	107,317
Leather, leather manufactures, n.e.s., & dressed furs	—	7,113
Rubber manufactures, n.e.s.	—	10,861
Wood and cork manufactures (excluding furniture)	—	45,385
Paper, paperboard and manu- factures thereof	—	9,949
Textile yarn, fabrics, made-up articles and related products . . .	25,584	5,267,523
Non-metallic mineral manufac- tures, n.e.s.	—	93,616
Silver, platinum, gems and jewellery	11,612,516	2,096,897
Base metals	—	831
Manufactures of metals	—	3,512,017
Machinery other than electric . . .	6,281	2,670
Electric machinery, apparatus and appliances	—	1,729,773
Transport equipment	—	11,440
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	2,003,381
Furniture and fixtures	—	155,588
Travel goods, handbags and similar articles	—	669,990
Clothing	—	9,283,124
Footwear	—	356,013
Professional, scientific and con- trolling instruments; photo- graphic & optical goods; watches & clocks	—	77,284
Miscellaneous manufactured articles, n.e.s.	4,165	2,624,035
Total	55,325,716	31,684,801

AUSTRIA

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Cereals and cereal preparations . . .	2,780	—
Sugar and sugar preparations	19,080	—
Coffee, tea, cocoa, spices and manufactures thereof	18,292	—
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones . . .	5,476	—
Animal & vegetable crude materials, inedible, n.e.s.	—	9,573
Chemical elements and com- pounds	18,749	—
Dyeing, tanning and colouring materials	11,845	—
Medicinal and pharmaceutical products	16,005	—
Essential oils and perfume materials; toilet, polishing and cleansing preparations	2,490	—
Explosives and miscellaneous chemical materials and pro- ducts	115,868	—
Leather, leather manufactures, n.e.s. & dressed furs	343,869	—
Rubber manufactures, n.e.s.	1,347	—
Wood and cork manufactures (excluding furniture)	1,970	—
Paper, paperboard and manu- factures thereof	7,718,847	—
Textile yarn, fabrics, made-up articles and related products	1,441,317	63,996
Non-metallic mineral manufac- tures, n.e.s.	601,721	—
Silver, platinum, gems and jewellery	67,753	904
Base metals	1,267,701	—
Manufactures of metals	260,544	—
Machinery other than electric	735,507	—
Electric machinery, apparatus and appliances	80,845	—
Transport equipment	60,940	—
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	3,700	—
Furniture and fixtures	22,703	1,830
Travel goods, handbags and similar articles	7,220	—
Clothing	385,553	3,633
Professional, scientific and con- trolling instruments; photo- graphic & optical goods; watches & clocks	144,520	—
Miscellaneous manufactured articles, n.e.s.	1,076,061	2,328
Total	14,432,703	82,264